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public accounts 1981-82

volume 2 — financial statements of crown corporations boards commissions

Ontario

ONTARIO

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I am pleased to present this volume, which contains financial statements of selected crown corporations, boards and commissions, as a supplement to the 1981-82 Public Accounts of the Province of Ontario.

To assist readers, the organization and content of the Public Accounts is described in A Guide to Public Accounts on page 7 of this volume.

Comments or queries will be welcome and should be directed to the Financial Information and Accounting Policy Branch, Office of the Treasury, Ministry of Treasury and Economics.

Frank S Miller

FRANK S. MILLER,
Treasurer of Ontario and
Minister of Economics

Toronto, December, 1982

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A GUIDE TO PUBLIC ACCOUNTS

1. SCOPE OF THE PUBLIC ACCOUNTS

The 1981-82 Public Accounts of the Province of Ontario comprise three volumes:

Volume 1 contains the financial statements of the Province and schedules of supporting information.

Volume 2, a supplementary volume, contains the financial statements of those provincial crown corporations, boards and commissions in which the Province has an investment or which have borrowed from the Province or from others with a guarantee by the Province. Also included are certain significant operational agencies which are funded in whole or in part by revenues generated from their operations.

Volume 3, also a supplementary volume, contains the details of expenditures required by the Standing Public Accounts Committee.

2. A GUIDE TO VOLUME 2 OF PUBLIC ACCOUNTS

The financial statements of the selected crown corporations, boards and commissions are for fiscal periods ending within the Province's own fiscal period April 1, 1981 to March 31, 1982. They are presented in the same detail as the approved, audited financial statements and as nearly as possible in the same form. The statements have been grouped by ministerial responsibility.

ONTARIO FOOD

Balance
March 31,

ASSETS	1982 $	1981 $
Current		
Cash and term deposits	169,657	191,116
Guaranteed trust certificates	—	27,404
Accounts receivable	81,302	88,766
Prepaid expenses	46,248	19,940
	297,207	327,226
Fixed — at cost less accumulated depreciation and amortization (note 1)	1,413,628	1,607,019
Terminal Development Fund (note 4)		
Investments in cash and term deposits	896,625	991,391
Interest receivable	16,080	46,220
Securities, at cost (market value $133,345; 1981 – $125,295)	149,281	—
Due from BILD	1,839,726	—
	2,901,712	1,037,611
Sinking Fund for the retirement of debentures (note 3)		
Cash	—	3,929,023
Securities, at cost (market value 1981 – $125,295	—	149,281
Investment in bank note (including accrued interest of $206,739)	2,957,986	—
	2,957,986	4,078,304
	7,570,533	7,050,160

See accompanying notes to financial statements.

On behalf of the Board:

D. E. Williams
Chairman

H. Aasman
Secretary

TERMINAL BOARD

Sheet
1982

LIABILITIES	1982 $	1981 $
Current		
Accounts payable	24,918	52,228
Accrued interest on debentures payable	58,333	58,333
Sundry accrued charges	10,726	24,484
Deferred income — prepaid rents	1,967	2,718
	95,944	137,763
Debentures payable (note 2)	5,000,000	5,000,000
Retained earnings	2,474,589	1,912,397
	7,570,533	7,050,160

To the Ontario Food Terminal Board,
to the Minister of Agriculture and Food and
to the Treasurer of Ontario.

I have examined the balance sheet of the Ontario Food Terminal Board as at March 31, 1982 and the statements of operations, retained earnings and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at March 31, 1982 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Ontario Food Terminal Board, to the Minister of Agriculture and Food and, in accordance with section 10 of the Ontario Food Terminal Act, to the Treasurer of Ontario.

D. F. Archer, F.C.A.,
Provincial Auditor.

Toronto, Ontario,
July 22, 1982.

ONTARIO FOOD TERMINAL BOARD

Statement of Operations
Year ended March 31, 1982

	1982 $	1981 $
Revenue		
Rents	689,988	634,750
Cold storage	414,279	397,341
Entrance fees	418,664	277,251
Services	65,175	61,735
Interest earned — sinking fund (note 3)	310,967	210,795
Realty and business taxes recovered	290,128	268,361
Interest income — other	46,196	22,923
Other	3,646	7,091
	2,239,043	1,880,247
Expenditure		
Salaries and wages	708,704	661,918
Realty and business taxes	426,599	381,285
Amortization and depreciation (note 1)	359,249	253,310
Interest expense — debentures (note 2)	175,000	175,000
Fuel	88,562	69,116
Electric power and water	85,790	75,844
Employee benefits	83,692	80,804
Waste removal	62,710	48,157
Operating supplies and expenses	49,080	37,190
Renovations and maintenance	48,619	36,131
Repairs — building and equipment	40,030	35,680
Office expenses	23,622	23,880
Insurance	21,971	23,025
Board members' fees and expenses	20,672	10,308
Strike security expenses	15,546	—
Legal services	9,620	4,359
Rents	8,050	6,467
Miscellaneous	3,893	1,445
Service supplies	3,204	13,150
Loss on disposal of fixed assets	2,869	—
	2,237,482	1,937,069
Operating income (loss)	1,561	(56,822)
Additional interest income		
Interest earned — land sale gain	—	107,172
— sinking fund (note 3)	289,414	134,393
— terminal development fund	271,217	—
Income before extraordinary item	562,192	184,743
Extraordinary gain on sale of land (note 4)	—	930,439
Net income for the year	562,192	1,115,182

See accompanying notes to financial statements.

ONTARIO FOOD TERMINAL BOARD

Statement of Retained Earnings
Year ended March 31, 1982

	1982 $	1981 $
Retained earnings, beginning of year	1,912,397	797,215
Net income for the year	562,192	1,115,182
Retained earnings, end of year	2,474,589	1,912,397

Statement of Changes in Financial Position
Year ended March 31, 1982

	1982 $	1981 $
Source of working capital:		
Net income before extraordinary item	562,192	184,743
Add (deduct) items not affecting working capital—		
Depreciation and amortization	359,249	253,310
Interest—sinking fund	(600,381)	(345,188)
—Terminal Development Fund	(271,217)	—
—land sale gain	—	(107,172)
Loss on disposal of fixed assets	2,869	—
Provided (utilized) from operations	52,712	(14,307)
Proceeds on sale of land which includes extraordinary gain (note 4)	—	8,036,000
Redemption of sinking fund securities	—	50,000
	52,712	8,071,693
Use of working capital:		
Additions to fixed assets, net of BILD grant and terminal development funding (notes 3 and 4)	40,912	79,074
Repayment of bank loan	—	7,105,561
Terminal development fund	—	930,439
	40,912	8,115,074
Increase (decrease) in working capital	11,800	(43,381)
Working capital, beginning of year	189,463	232,844
Working capital, end of year	201,263	189,463

See accompanying notes to financial statements.

ONTARIO FOOD TERMINAL BOARD

Notes to Financial Statements
March 31, 1982

1. SIGNIFICANT ACCOUNTING POLICY

Fixed assets, depreciation and amortization.

Details of fixed assets at March 31 are as follows:

	1982		1981	
	Cost	Accumulated Depreciation and Amortization	Cost	Accumulated Depreciation and Amortization
	$	$	$	$
Land	129,855	—	129,855	—
Land improvements	972,825	510,715	972,825	364,786
Buildings	3,580,422	3,109,681	3,603,567	2,980,572
Equipment	783,449	560,342	742,537	496,407
Construction work in process	2,127,815	—	—	—
	7,594,366	4,180,738	5,448,784	3,841,765
Less BILD grant (note 4)	2,000,000		—	
	5,594,366		5,448,784	
	(4,180,738)		(3,841,765)	
	1,413,628		1,607,019	

The equipment assets as at March 31, 1982 consisted of long life equipment in the amount of $367,718 (1981 — $367,718) and short life equipment in the amount of $415,731 (1981 — $374,819). Short life equipment is depreciated on a straight line basis, generally using rates of 20 per cent per annum.

Prior to April 1, 1981 the Board recorded depreciation and amortization expense on these long life assets originally purchased with proceeds of the debenture such as land improvements, buildings and certain equipment at an amount equal to the interest earned, at the previously fixed interest rate of 5.5 per cent on the sinking fund as discussed in note 3.

Due to a change in the method of funding the debenture sinking fund, depreciation during the current year was recorded on a straight line basis at a rate sufficient to amortize the net book value of these assets over the remaining term of the debentures. The effect of this revision was to decrease net income by $48,000 for the year ended March 31, 1982.

2. DEBENTURES PAYABLE

The proceeds from the sale of the $5,000,000 debentures issued were invested in the purchase of property and equipment and construction of a food terminal. The debentures which are guaranteed by the Province of Ontario mature on June 1, 1985 and bear interest at a 3½ per cent interest rate.

3. INTEREST EARNED — SINKING FUND

Prior to October 1, 1980, interest was earned on the sinking fund on deposit with the Treasurer of Ontario at a rate of 5.5 per cent. Subsequently, the Treasurer was authorized to pay interest at a rate equal to the rates payable by the Province of Ontario Savings Office and this excess interest was treated as additional interest income.

On October 23, 1981 the Board purchased a note in the amount of $2,751,247 paying interest at a rate of 17.25 per cent. The proceeds of the note including interest will equal $5,000,000 and will be used to retire the debentures. The funds remaining in the sinking fund plus accrued interest were transferred to the terminal development fund on November 6, 1981.

The Board continued its practice of classifying interest earned in excess of amortization on long life assets as additional interest income.

4. TERMINAL DEVELOPMENT FUND

On May 15, 1980, the Board sold land originally held for future development for $8,036,000 and used most of the proceeds to repay the bank indebtedness relating to the investment in the land. A gain of $930,439 was realized on the sale and these funds together with interest earned thereon were set aside by the Board to be used to upgrade the present Ontario Food Terminal facilities.

On July 8, 1980 the Board of Industrial Leadership and Development (BILD) approved a grant totalling $2,000,000 to assist the Board in financing the expansion of the Farmers' Market and the construction of a parking deck at the Ontario Food Terminal of which $160,274 was received from BILD in March 1982 while the balance of $1,839,726 was received subsequent to March 31, 1982. The $2,000,000 grant has been credited to fixed assets.

At March 31, 1982, expenditures for construction totalled $2,127,815. These expenditures have been included in Note 1 as construction work in process.

5. COMMITMENTS

As at March 31, 1982 the Board has outstanding construction commitments of approximately $2,443,000.

6. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform with 1982 presentation.

ONTARIO STOCK
(Incorporated without share

Consolidated
June 30,

ASSETS

	1981 $	1980 $
Current		
Cash and short term deposits	104,177	60,066
Accounts receivable — trade and other	37,875	31,246
Accrued interest	7,755	6,318
Inventories	27,759	49,052
Prepaid expenses	18,517	18,482
	196,083	165,164
Fixed		
Land (note 2)	436,319	438,930
Buildings and yard improvements	1,471,957	1,398,829
Equipment	260,208	256,458
	2,168,484	2,094,217
Less accumulated depreciation	1,466,665	1,426,222
	701,819	667,995
	897,902	833,159

See accompanying notes to consolidated financial statements.

On behalf of the Board:

Donald Matheson
Chairman

Manager and Secretary

YARDS BOARD
capital under the Stock Yards Act)

Balance Sheet
1981

LIABILITIES

	1981 $	1980 $
Current		
Bank loan	25,000	50,000
Accounts payable and accrued liabilities	214,766	177,172
	239,766	227,172
Retained earnings	658,136	605,987
	897,902	833,159

To the Ontario Stock Yards Board,
to the Minister of Agriculture and Food, and
to the Treasurer of Ontario.

I have examined the consolidated balance sheet of Ontario Stock Yards Board as at June 30, 1981 and the consolidated statement of earnings and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these consolidated financial statements present fairly the financial position of the Board as at June 30, 1981 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Ontario Stock Yards Board, to the Minister of Agriculture and Food and, in accordance with section 9 of the Stock Yards Act, to the Treasurer of Ontario.

D F Archer

Toronto, Ontario,
August 14, 1981.

D. F. Archer, F.C.A.,
Provincial Auditor.

ONTARIO STOCK YARDS BOARD

Consolidated Statement of Earnings and Retained Earnings
Year ended June 30, 1981

	1981 $	1980 $
Income		
Yardage revenue	1,521,093	1,429,573
Sale of feed and bedding	520,597	512,754
Rents	74,221	76,535
Disinfecting of trucks	47,566	49,755
Miscellaneous	76,035	59,037
	2,239,512	2,127,654
Expenditure		
Salaries and wages	936,396	843,490
Employee benefits	127,267	117,659
Cost of feed and bedding sold	286,909	298,260
Yard cleaning services	217,250	197,664
Repairs — buildings, equipment and fixtures	216,827	186,684
Municipal taxes	181,683	166,436
Heating and utilities	88,282	75,165
Disinfecting of trucks	76,703	69,607
Insurance	59,247	54,639
Operating supplies and expenses	57,996	47,302
Depreciation	45,653	51,210
Advertising, promotion and donations	34,059	37,266
Office and general expenses	25,855	28,939
Board members' fees and expenses	12,168	13,367
Travel and expenses	12,013	7,664
Claims not covered by insurance	5,345	9,306
	2,383,653	2,204,658
Operating loss before extraordinary items	(144,141)	(77,004)
Extraordinary items (note 3)	196,290	—
Net income (loss) for the year	52,149	(77,004)
Retained earnings, beginning of year	605,987	682,991
Retained earnings, end of year	658,136	605,987

See accompanying notes to consolidated financial statements.

ONTARIO STOCK YARDS BOARD

Notes to Consolidated Financial Statements
June 30, 1981

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements include the accounts of 416879 Ontario Limited, a wholly owned subsidiary.

(b) Inventories

Inventories are valued at cost.

(c) Fixed assets and depreciation

Fixed assets are stated at acquisition cost. Depreciation is provided on a straight line basis generally using rates of 3 per cent to 20 per cent per annum for buildings and yard improvements, and 10 per cent to 20 per cent per annum for equipment.

2. LAND

Land includes property carried in the accounts of 416879 Ontario Limited at $129,195 which the subsidiary assumed title to on July 5, 1979 as a result of a default on a mortgage receivable for this amount.

On July 16, 1979, 416879 Ontario Limited and the former mortgagor entered into an agreement entitling the former mortgagor to a reconveyance of the land within a two year period at a price of $129,195 plus interest at 10 per cent per annum together with a final additional payment of $30,000.

When this agreement lapsed, 416879 Ontario Limited granted another company an option to purchase the land for $159,195 on or before November 15, 1982. Prior to exercising the option, this company must erect a building to be used for the general purpose of an abattoir. Until the exercise of the option 416879 Ontario Limited is entitled to a $1,990 monthly fee.

3. EXTRAORDINARY ITEMS

Extraordinary items comprise:

Gain on expropriation of land by the Ministry of Transportation and Communications	$173,889
Excess of net insurance proceeds over net book value of asset destroyed by fire	22,401
	$196,290

4. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform with 1981 presentation.

THE CROP INSURANCE COMMISSION OF ONTARIO

(Incorporated without share capital under the Crop Insurance Act (Ontario))

Balance Sheet
as at March 31, 1982

ASSETS	1982 $	1981 $
Cash	316,542	—
Accounts and premium subsidy receivable	335,277	1,253,774
	651,819	1,253,774

LIABILITIES	1982 $	1981 $
Bank overdraft	—	7,888
Provision for payment of unsettled indemnities (note 1b)	874,798	6,235,899
Premiums collected in advance (note 1c)	1,163,190	628,768
Unearned premiums (note 1d)	1,232,929	1,091,245
Advances from the Treasurer of Ontario (note 3)	31,391,331	36,407,486
Advances from the Ministry of Agriculture and Food	5,000	5,000
	34,667,248	44,376,286
Less deficit	34,015,429	43,122,512
	651,819	1,253,774

See accompanying notes to financial statements.

On behalf of the Commission:

Morris A. Huff
Chairman

Member

To the Crop Insurance Commission of Ontario and
to the Minister of Agriculture and Food.

I have examined the balance sheet of The Crop Insurance Commission of Ontario as at March 31, 1982 and the statements of revenue and expenditure and deficit for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1982 and the results of its operations for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements, applied on a basis consistent with that of the preceding year.

In accordance with section 12 of the Crop Insurance Act (Ontario), a report on the audit has been made to the Commission and to the Minister.

D. F. Archer

Toronto, Ontario,
July 9, 1982

D. F. Archer, F.C.A.,
Provincial Auditor.

THE CROP INSURANCE COMMISSION OF ONTARIO

Statement of Deficit
for the year ended March 31, 1982

	1982 $	1981 $
Balance, beginning of year	43,122,512	49,331,416
Less:		
Adjustments to prior year's indemnity provision (note 1b)	(41,882)	52,629
Excess of revenue over expenditure	9,148,965	6,156,275
	9,107,083	6,208,904
Balance, end of year	34,015,429	43,122,512

Statement of Revenue and Expenditure
for the year ended March 31, 1982

	1982 $	1981 $
Revenue		
Crop Insurance Premiums:		
Premiums from insured persons	15,659,510	13,536,956
Premium subsidies from the Government of Canada	15,659,510	13,536,956
	31,319,020	27,073,912
Administrative expenses paid by the Province of Ontario (note 2)	2,489,015	2,175,144
Interest income	163,852	77,112
	33,971,887	29,326,168
Expenditure		
Indemnities (7,010 claims; 1981 – 6,364 claims)	18,495,565	16,377,278
Administrative expenses (Schedule)	2,489,015	2,175,144
Interest on advances from the Treasurer of Ontario (note 3)	3,825,450	4,617,471
Unrecovered claim overpayments	12,892	–
	24,822,922	23,169,893
Excess of revenue over expenditure	9,148,965	6,156,275

See accompanying notes to financial statements.

SCHEDULE

THE CROP INSURANCE COMMISSION OF ONTARIO

Schedule of Administrative Expenses for the year ended March 31, 1982

	1982 $	1981 $
Salaries	876,829	751,627
Commissions and fees—agents	799,857	762,484
Fees and expenses—adjusters	390,686	266,260
Data processing	169,538	160,834
Printing and stationery	90,212	82,328
Automobile expenses	47,394	13,544
Travelling expenses	26,259	38,725
Advertising and publicity	24,267	44,132
Meetings and staff training	21,809	3,676
Telephone, telegrams and postage	15,769	19,867
Miscellaneous supplies and services	12,231	9,552
Members' allowances and expenses	6,137	6,831
Equipment and furniture purchases (note 1e)	3,390	6,278
Fees and expenses—arbitration board	3,080	7,727
Professional services	1,557	1,279
	2,489,015	2,175,144

See accompanying notes to financial statements.

Notes to Financial Statements March 31, 1982

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting
The Commission uses the accrual basis of accounting except for administrative expenses which are on the cash basis although an additional thirty days are allowed to pay for goods and services pertaining to the fiscal year just ended.

(b) Provision for payment of unsettled indemnities
At the end of a fiscal year, the Commission estimates outstanding indemnities. In the subsequent year, any difference between the estimated and the actual indemnities is reflected in the statement of deficit and not in the statement of revenue and expenditure as the Commission feels the difference should not be reflected in the current year's operating results.

(c) Premiums collected in advance
Premiums collected in advance represent premiums received for the insurance of various crops where the deadline for applying for insurance coverage occurs after March 31, 1982. This insurance may be cancelled by the insured prior to the deadline date and premiums refunded.

(d) Unearned premiums
Unearned premiums represent premiums received for the winter wheat crop. The deadline for applying for insurance coverage occurred prior to March 31, 1982 and accordingly, the insurance coverage was in force at March 31, 1982 and the premiums cannot be refunded.

(e) Fixed assets
The costs of automobile, equipment and furniture purchases are expensed in the year of acquisition.

2. ADMINISTRATION

(a) Administrative expenses
Administrative expenses are paid out of moneys appropriated therefor by the Legislature of the Province of Ontario. The Commission has absorbed certain administrative expenses of the Farm Income Stabilization Commission of Ontario.

(b) Accommodation
Office space is provided by the Ministry of Agriculture and Food without charge.

THE CROP INSURANCE COMMISSION OF ONTARIO

3. ADVANCES FROM THE TREASURER OF ONTARIO
The Commission borrows funds from the Treasurer of Ontario to finance the deficit. This loan has a fixed interest rate of 11.725% to October 31, 1984. There is no set repayment schedule.

4. COMPARATIVE FIGURES
Comparative figures have been reclassified where necessary to conform with the 1982 presentation.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

**(Incorporated without share capital under
the Farm Income Stabilization Act)**

Balance Sheet
as at March 31, 1982

ASSETS	1982 $	1981 $
Cash in banks	4,869,818	3,802,925
Accounts receivable (note 4)	1,633,993	1,478,752
	6,503,811	5,281,677
LIABILITIES		
Accrued interest and accounts payable	223,427	83,619
Farmers' enrollment fees, including interest income (schedule 1) (note 3)	3,976,373	3,559,041
Government subsidies (schedule 2) (notes 3 and 4):		
Balance of funds on hand re—		
Ontario Corn Stabilization Plan, 1977	—	4,449
Ontario White Bean Stabilization Plan, 1978-1980	—	36,794
Ontario Weaner Pig Stabilization Plan, 1980-1985	377,208	173,971
	377,208	215,214
Loans from the Treasurer of Ontario (note 5)	1,926,803	1,423,803
	6,503,811	5,281,677

See accompanying schedules and notes to financial statements.

On behalf of the Commission:

Morris Huff
Chairman

Ray McDonald
Member

To the Farm Income Stabilization Commission of Ontario and
to the Minister of Agriculture and Food.

I have examined the balance sheet of the Farm Income Stabilization Commission of Ontario as at March 31, 1982 and the statement of receipts and disbursements for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1982 and the results of its operations in accordance with the accounting policies described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

In accordance with section 14 of the Farm Income Stabilization Act, a report on the audit has been made to the Commission and to the Minister.

D. F. Archer

Toronto, Ontario,
July 30, 1982.

D. F. Archer, F.C.A.,
Provincial Auditor.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Statement of Receipts and Disbursements for the year ended March 31, 1982

	1982 $	1981 $
Receipts:		
Ontario Corn Stabilization Plan, 1977:		
Farmers' fees withheld from stabilization payments	2,224	9,282
Interest income	—	197,170
	2,224	206,452
Ontario White Bean Stabilization Plan, 1978-1980:		
Sundry deductions from farmers' share	—	4,399
Ontario Weaner Pig Stabilization Plan, 1980-1985:		
Subsidy from Province of Ontario	6,900,000	4,700,000
Loans from Province of Ontario	1,565,000	2,700,000
Interest income	190,652	—
Interest on outstanding fees (note 4)	77,905	4,647
	8,733,557	7,404,647
Farmers' enrollment fees, including interest income (note 3)	3,380,384	3,415,470
Administrative expenses paid by Province (notes 1 and 2)	142,515	169,031
Miscellaneous revenue	—	681
	12,258,680	11,200,680
Disbursements:		
Stabilization payments:		
Ontario Corn Stabilization Plan, 1977	6,673	27,846
Ontario White Bean Stabilization Plan, 1978-1980	—	154,809
Ontario Weaner Pig Stabilization Plan, 1980-1985	9,787,262	1[illegible],050,806
	9,793,935	10,233,461
Repayment of loans from Province of Ontario	1,062,000	1,276,197
Interest expense	193,337	—
Administrative expenses	142,515	169,031
Miscellaneous expenses	—	2,501
	11,191,787	11,681,190
Excess (deficiency) of receipts over disbursements	1,066,893	(480,510)
Cash in banks, beginning of year	3,802,925	4,283,435
Cash in banks, end of year	4,869,818	3,802,925

See accompanying schedules and notes to financial statements.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

SCHEDULE 1

Schedule of Farmers' Enrollment Fee Balances by Plan as at March 31, 1982

Ontario Stabilization Plans (note 3)	Balance April 1, 1981	Fees (note 3)	Interest	Total	Share of Payments	Balance March 31, 1982
	$	$	$	$	$	$
Corn	1,686,000	85,055	283,853	368,908	2,224	2,052,684
Soybean	281,976	19,733	47,758	67,491	—	349,467
White Bean	76,770	2,604	12,859	15,463	—	92,233
Winter Wheat	494,225	8,394	82,141	90,535	—	584,760
	2,538,971	115,786	426,611	542,397	2,224	3,079,144
Weaner Pig (notes 3 and 4)	1,020,070	3,111,859	27,719	3,139,578	3,262,419	897,229
	3,559,041	3,227,645	454,330	3,681,975	3,264,643	3,976,373

See accompanying schedules and notes to financial statements.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

SCHEDULE 2

Schedule of Government Subsidies
for the year ended March 31, 1982

	1982	1981
	$	$
Ontario Corn Stabilization Plan, 1977:		
Balance, beginning of year	4,449	1,991,489
Stabilization payments	6,673	27,846
Less farmers' share (⅓) withheld from payments	2,224	9,282
	4,449	18,564
Interest income	–	197,170
Forfeited fees and other credits	–	8,864
	–	2,178,959
Transfer to Ontario Weaner Pig Stabilization Plan, 1980-1985	–	2,174,510
Balance, end of year	–	4,449
Ontario White Bean Stabilization Plan, 1978-1980:		
Balance, beginning of year	36,794	140,000
Stabilization payments	–	154,809
Less farmers' share (⅓)	–	51,603
	–	103,206
Transfer to Ontario Weaner Pig Stabilization Plan, 1980-1985	36,794	–
Balance, end of year	–	36,794
Ontario Weaner Pig Stabilization Plan, 1980-1985:		
Balance, beginning of year	173,971	–
Subsidy from Province of Ontario	6,900,000	4,700,000
Transfers from:		
Ontario Corn Stabilization Plan, 1977	–	2,174,510
Ontario White Bean Stabilization Plan, 1978-1980	36,794	–
Interest income	190,652	–
Forfeited fees and other credits	634	–
	7,128,080	6,874,510
Stabilization payments	9,787,262	10,050,806
Less farmers' share (⅓)	3,262,419	3,350,267
	6,524,843	6,700,539
Provision for bad debts	400,000	–
	6,924,843	6,700,539
Balance, end of year	377,208	173,971

See accompanying schedules and notes to financial statements.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

SCHEDULE 3

Schedule of Administrative Expenses for the year ended March 31, 1982

	1982 $	1981 $
Salaries and wages	13,300	62,400
Employee benefits	500	11,600
Transportation and communication	10,556	13,029
Services	110,579	67,581
Supplies and equipment	7,580	14,421
	142,515	169,031

See accompanying schedules and notes to financial satements.

Notes to Financial Statements
March 31, 1982

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The Commission uses essentially a cash basis of accounting except for the following modifications:

(i) For administrative expenses, an additional thirty days is allowed to pay for goods and services pertaining to the fiscal year just ended. In this regard, payments to employees for a pay period which overlaps the fiscal year end date are apportioned between the two years.

(ii) Fees recorded in Schedule 1 are on an accrued basis and allowance for doubtful accounts has been established as discussed in note 4.

(iii) Interest is accrued on both outstanding fees receivable and the loan from the Treasurer of Ontario.

2. ADMINISTRATIVE EXPENSES

Administrative expenses are paid out of moneys appropriated therefor by the Legislature of the Province of Ontario. Certain additional administrative expenses have been absorbed by The Crop Insurance Commission of Ontario.

3. FARM INCOME STABILIZATION PLANS

Farm income stabilization plans are established by regulations under the Farm Income Stabilization Act. These voluntary plans are designed to stabilize the income of Ontario farmers in periods of low market prices. Stabilization support payments are limited to the difference between 90 and 95 per cent of the five-year average market price as adjusted for changes in cash costs of production.

Fees are normally collected in advance except as discussed in note 4 and are set at a level sufficient to cover approximately one-third of the stabilization support payments in accordance with the provisions of section 6(3) of the Farm Income Stabilization Act. The Province of Ontario provides the other two-thirds.

The following voluntary plans were established during the period from inception of the Commission to March 31, 1982.

	Ontario Regulation
Ontario Corn Stabilization Plan, 1977	365/78
Ontario Corn Stabilization Plan, 1978-1980	508/78
Ontario Soybean Stabilization Plan, 1978-1980	509/78
Ontario White Bean Stabilization Plan, 1978-1980	510/78
Ontario Winter Wheat Stabilization Plan, 1979-1981	331/79
Ontario Soybean Stabilization Plan, 1979-1981	479/79
Ontario Corn Stabilization Plan, 1979-1981	480/79
Ontario White Bean Stabilization Plan, 1979-1981	481/79
Ontario Weaner Pig Stabilization Plan, 1980-1985	585/80

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Notes to Financial Statements
March 31, 1982 — Continued

The majority of applicants in the 1978-1980 plans have been transferred to the 1979-1981 plans. Enrollments under the winter wheat plan 1979-1981 and the 1979-1981 plans for soybean, corn and white bean are for 3 year terms ending June 30, 1982 and August 31, 1982 respectively. Enrollments under the weaner pig plan are for a term ending March 31, 1985. At the end of the term, moneys standing to the credit of farmers enrolled in these plans will be refunded together with any interest earned thereon.

The Commission shall, at the discretion of the Treasurer of Ontario, pay into the Consolidated Revenue Fund any surplus moneys in the Fund that are not necessary for the current requirements of the Commission in accordance with section 12 of the Farm Income Stabilization Act.

4. ONTARIO WEANER PIG STABILIZATION PLAN, 1980-1985

The Government of Ontario developed this five year plan to help stabilize the incomes of many of the province's pork producers. The plan functions in the manner as discussed in Note 3, with one exception. In order to pay the producers the maximum amount possible under the regulations when stabilization support payments are made, the difference between the farmers' one-third share of the stabilization support payments and their prepaid registration fees are not deducted from the stabilization support payments but rather are recorded as accounts receivable. While the Commission will endeavour to recover the advances including interest at a later date, a reserve for doubtful accounts of $400,000 (1981 — nil) has been established.

5. LOANS FROM THE TREASURER OF ONTARIO

The Treasurer of Ontario has provided loans under section 11 of the Act to finance a portion of the stabilization payments under the Ontario Weaner Pig Stabilization Plan, 1980-1985. The maximum term of these loans is five years, and they bear interest for that term at the current market rate as determined by the Treasurer of Ontario at the time such loans are authorized by Order in Council.

6. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform to the 1982 presentation.

THE ONTARIO JUNIOR FARMER ESTABLISHMENT LOAN CORPORATION

(Incorporated without share capital under the Junior Farmer Establishment Act)

Balance Sheet
as at March 31, 1982

ASSETS

	1982	1981
	$	$
Cash—general	27,602	49,442
—trust funds (note 2)	13,062	7,940
Mortgage loans—interest due and accrued	1,464,502	1,498,250
—principal	47,078,705	50,323,224
	48,583,871	51,878,856

LIABILITIES

	1982	1981
Mortgage interest and principal paid in advance	26,595	24,569
Operating funds due to (from) the Treasurer of Ontario (note 4)	(26,922)	14,502
Farm property sold (note 2)		
—funds held in trust	13,062	7,940
—deferred surplus payable	60,406	60,406
Capital advances due to the Treasurer of Ontario including accrued interest	48,510,730	51,771,439
	48,583,871	51,878,856

See accompanying notes to financial statements.

On behalf of the Board:

L E Jackson
Director

G. A. Driver
Director

To The Ontario Junior Farmer Establishment Loan Corporation,
to the Minister of Agriculture and Food, and
to the Treasurer of Ontario and Minister of Economics.

I have examined the balance sheet of The Ontario Junior Farmer Establishment Loan Corporation as at March 31, 1982 and the statements of revenue and expenditure and operating funds due to (from) the Treasurer of Ontario for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these statements present fairly the financial position of the Corporation as at March 31, 1982 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Corporation, to the Minister and, in accordance with section 8 of the Junior Farmer Establishment Act, to the Treasurer of Ontario and Minister of Economics.

D. F. Archer
D. F. Archer, F.C.A.,
Provincial Auditor.

Toronto, Ontario,
June 2, 1982.

THE ONTARIO JUNIOR FARMER ESTABLISHMENT LOAN CORPORATION

Statement of Revenue and Expenditure
for the year ended March 31, 1982

	1982 $	1981 $
Revenue		
Mortgage interest (note 5)	2,438,158	2,610,156
Bank interest	928	1,033
Legal, other fees and miscellaneous	2,061	1,266
	2,441,147	2,612,455
Expenditure (note 3)		
Interest on capital advances		
— Treasurer of Ontario (note 5)	3,273,615	3,497,953
Waiver of mortgage repayment	19,454	—
	3,293,069	3,497,953
Excess of expenditure over revenue	851,922	885,498

Statement of Operating Funds Due to (from) the Treasurer of Ontario
for the year ended March 31, 1982
(note 4)

	1982 $	1981 $
Due to the Treasurer of Ontario, beginning of year	14,502	53,125
Add: net funds provided during the year	810,498	846,875
	825,000	900,000
Less: excess of expenditure over revenue	851,922	885,498
Due to (from) Treasurer of Ontario, end of year	(26,922)	14,502

See accompanying notes to financial statements.

Notes to Financial Statements
March 31, 1982

1. STATUS OF CORPORATION

The Corporation has not accepted any new mortgage loan applications since 1969 and the final mortgage instalments on outstanding loans are payable in 1999.

2. FARM PROPERTY SOLD

The provisions of the Corporation's mortgage indentures allow the Corporation, without taking title through foreclosure, to sell a farm property in certain circumstances for cash or credit.

In prior years, the Corporation had sold a number of properties and had taken back mortgages, some of which were for a greater amount than the outstanding balance on the original mortgage. This additional amount was recorded as a deferred surplus payable.

Mortgage principal and interest payments received after the amount of the original mortgage has been retired are held in trust for the original owner or other claimants by the Corporation. When the mortgage has been fully repaid by the new purchaser these funds are distributed and the related deferred surplus payable and mortgage loan receivable are eliminated.

3. ADMINISTRATION EXPENSES

Salaries of the Corporation's staff and sundry administrative costs have been absorbed by the Ministry of Agriculture and Food and are not included in the statement of revenue and expenditure.

THE ONTARIO JUNIOR FARMER ESTABLISHMENT LOAN CORPORATION

4. Operating Funds Due to (from) the Treasurer of Ontario

The cost of administration of the loan program, which is represented by the excess of expenditure over revenue, is paid out of the moneys appropriated therefor by the Legislature.

5. Interest On Mortgages and Capital Advances

Interest earned by the Corporation on its mortgage loans is fixed by legislation and averages approximately 5 per cent per annum. Interest payable by the Corporation on capital advances from the Treasurer of Ontario has been established by the Treasurer of Ontario at 6.7 per cent. This interest differential is the primary reason for the Corporation's excess of expenditure over revenue.

THE ACCOUNTANT OF THE SUPREME COURT OF ONTARIO

Balance Sheet as at March 31, 1982

ASSETS	1982	1981
INVESTMENTS, at cost (quoted market value 1982, $124,015,803; 1981, $132,696,953) (Schedule 1)	$180,521,764	$175,794,619
LIABILITIES AND CAPITAL RESERVE		
LIABILITIES		
Bank indebtedness	$ 945,135	$ 847,688
Funds paid into court re: suits and matters	167,294,192	164,262,448
The Land Titles Assurance Fund	923,132	981,327
The Certification of Titles Assurance Fund	364,737	336,630
The Land Titles Survey Fund	402,533	373,038
Suitors' suspense (note 2)	2,042,003	1,947,771
Other accrued liabilities	173,644	152,841
	172,145,376	168,901,743
CAPITAL RESERVE	8,376,388	6,892,876
	$180,521,764	$175,794,619

See accompanying notes to financial statements.

Approved:

C.A.

The Accountant of the Supreme Court
of Ontario

To The Accountant of the Supreme Court of Ontario and
to the Attorney General.

I have examined the balance sheet of The Accountant of the Supreme Court of Ontario as at March 31, 1982 and the statement of income and capital reserve for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of The Accountant of the Supreme Court of Ontario as at March 31, 1982 and the results of operations for the year then ended in accordance with the accounting policies described in note 1 to the financial statements, applied on a basis consistent with that of the preceding year.

D. F. Archer

Toronto, Ontario,
July 16, 1982.

D. F. Archer, F.C.A.,
Provincial Auditor.

THE ACCOUNTANT OF THE SUPREME COURT OF ONTARIO

Statement of Income and Capital Reserve
Year ended March 31, 1982

	1982	1981
INCOME		
Interest	$ 18,038,654	$ 16,313,455
EXPENDITURES		
Interest	16,316,900	14,613,924
Office expenses		
Salaries	188,291	164,365
Audit	8,200	8,000
General	23,357	20,598
Rent	36,468	29,849
Employee benefits	28,426	23,958
	16,601,642	14,860,694
EXCESS OF INCOME OVER EXPENDITURES	1,437,012	1,452,761
CAPITAL RESERVE, BEGINNING OF YEAR	6,892,876	6,834,115
	8,329,888	8,286,876
Gain (loss) on sale of investments	46,500	(1,394,000)
CAPITAL RESERVE, END OF YEAR	$ 8,376,388	$ 6,892,876

SCHEDULE 1

Schedule of Investments
March 31, 1982

	Par Value	Cost	Quoted Market
SUMMARY OF BONDS			
Province of Ontario (Schedule A)	$ 5,000,000	$ 4,839,388	$ 3,592,380
Ontario Hydro (Schedule B)	159,737,000	151,408,118	98,850,760
Government of Canada (Schedule C)	11,300,000	10,950,625	8,322,500
Province of Saskatchewan (Schedule C)	550,000	548,350	422,840
Accrued interest on purchases	2,823	2,823	2,823
	176,589,823	167,749,304	111,191,303
TERM DEPOSITS (Schedule C)	13,000,000	12,772,460	12,824,500
	$189,589,823	$180,521,764	$124,015,803

See accompanying notes to financial statements.

THE ACCOUNTANT OF THE SUPREME COURT OF ONTARIO

Schedule of Investments
March 31, 1982

SCHEDULE A

Security	Par Value	Cost	Quoted Market
BONDS			
Province of Ontario			
2½% Stock Certificates	$ 300,000	$ 300,000	$ 300,000
5¼% April 15, 1985	1,100,000	1,089,000	840,180
5½% August 15, 1985	800,000	800,000	599,040
5½% October 15, 1985	1,100,000	1,086,910	814,000
5¾% March 1, 1986	700,000	700,000	506,660
7¾% December 1, 1997	1,000,000	863,478	532,500
	$ 5,000,000	$ 4,839,388	$ 3,592,380

Schedule of Investments
March 31, 1982

SCHEDULE B

Security	Par Value	Cost	Quoted Market
BONDS			
Ontario Hydro			
5¼% October 1, 1984	$ 2,500,000	$ 2,096,875	$ 1,990,750
13¼% March 25, 1985	1,500,000	1,494,375	1,415,700
5¾% January 4, 1988	1,300,000	1,276,250	828,750
6% July 5, 1988	895,000	858,188	552,663
6¼% January 5, 1989	2,210,000	2,187,262	1,350,973
6½% September 20, 1989	1,250,000	1,243,750	750,000
6% March 15, 1990	1,700,000	1,671,670	958,460
7% April 1, 1992	2,070,000	2,035,462	1,159,200
7% August 15, 1992	2,850,000	2,769,500	1,578,330
7% September 18, 1992	600,000	506,145	330,780
7¾% March 18, 1994	1,000,000	1,000,000	568,800
9% April 1, 1994	2,427,000	2,416,797	1,535,078
7¾% May 1, 1994	200,000	177,960	113,260
8¼% October 1, 1994	1,500,000	1,473,750	881,250
8½% December 1, 1994	3,040,000	2,934,800	1,820,352
9% June 30, 1995	200,000	198,720	124,000
7⅝% April 5, 1997	250,000	202,275	132,825
8¼% September 15, 1997	1,475,000	1,438,713	827,918
7¾% February 1, 1998	2,000,000	1,976,875	1,065,000
8% May 15, 1998	12,575,000	11,509,517	6,821,938
8½% November 30, 1998	1,201,000	1,165,467	683,129
8½% March 1, 1999	3,800,000	3,724,875	2,151,940
9¾% June 14, 1999	9,885,000	9,863,856	6,314,538
10% November 15, 1999	850,000	654,075	551,480
9¾% January 10, 2000	1,903,000	1,904,250	1,198,890
9½% February 10, 2000	6,928,000	6,865,738	4,304,366
10¾% October 30, 2000	2,500,000	2,063,125	1,725,000
10¼% January 29, 2001	1,250,000	976,562	825,000
10% May 18, 2001	2,100,000	2,198,400	1,351,980
9½% October 5, 2003	873,000	888,278	532,530
9¼% January 6, 2004	49,725,000	47,727,675	29,526,705
9¾% June 27, 2008	11,100,000	10,274,375	6,854,250
9½% August 30, 2008	10,930,000	9,685,670	6,585,325
10¼% April 4, 2009	2,900,000	2,410,390	1,870,500
10% May 10, 2009	2,150,000	1,678,435	1,354,500
13⅜% March 25, 2010	3,100,000	3,072,750	2,542,000
13¼% May 14, 2010	5,000,000	4,842,188	4,075,000
13% January 29, 2011	2,000,000	1,943,125	1,597,600
	$159,737,000	$151,408,118	$ 98,850,760

See accompanying notes to financial statements.

THE ACCOUNTANT OF THE SUPREME COURT OF ONTARIO

SCHEDULE C

Schedule of Investments
March 31, 1982

Security	Par Value	Cost	Quoted Market
BONDS			
Government of Canada			
11¾% February 1, 2003	$ 6,700,000	$ 6,644,500	$ 5,125,500
10½% October 1, 2004	4,600,000	4,306,125	3,197,000
	$ 11,300,000	$ 10,950,625	$ 8,322,500
Province of Saskatchewan			
9¼% October 2, 1987	$ 550,000	$ 548,350	$ 422,840
TERM DEPOSITS			
Canadian Imperial Bank of Commerce			
Bearer Deposit Notes due April 5, 1982 at 15.60%	$ 2,000,000	$ 1,978,020	$ 1,995,600
Bearer Deposit Notes due May 31, 1982 at 16.05%	4,000,000	3,895,520	3,894,600
Royal Bank of Canada			
Bearer Deposit Notes due April 19, 1982 at 15.75%	5,000,000	4,925,600	4,958,700
Bank of Montreal			
Bankers Acceptance due April 28, 1982 at 16.45%	2,000,000	1,973,320	1,975,600
	$13,000,000	$12,772,460	$12,824,500

See accompanying notes to financial statements.

Notes to Financial Statements
Year Ended March 31, 1982

1. ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles with the following exceptions:

(i) Investment income is recorded on a cash basis. Accordingly no accrual has been made in the accounts for interest earned but not received.

(ii) Fixed assets are recorded as expenditures when purchased.

(iii) Funds are invested in income producing securities. Such securities are traded in order to achieve an increased yield, and only if any resultant loss on sale can be recovered through investment in replacement securities prior to the maturity date of the securities being traded. The securities are recorded at cost, with gains and losses on the sale of investments recognized on the first-in-first-out basis.

2. SUITORS' SUSPENSE

All sums that are not claimed within ten years from the time when they became payable out of court are transferred from the regular suits and matters accounts to a suitors' suspense account which does not bear interest. This account has been reduced by amounts transferred to the Provincial Treasurer by Order in Council. The transfers, which were made in the years 1936 to 1941, totalled $702,000.

3. SECURITIES AND MORTGAGES IN TRUST

The Accountant also acts as custodian of mortgages in the amount of $1,636,702 and miscellaneous securities and documents having a nominal value of $810,135.

4. SUBSEQUENT EVENT

The Certification of Titles Amendment Act, 1982, came into force on July 7, 1982. In accordance with section 7(2) of this Act, after deducting an estimated amount of $7,000 for certain refunds authorized by section 7(2a) of the Act, the balance standing to the credit of the Certification of Titles Assurance Fund as of March 1, 1982, will be transferred to the Land Titles Assurance Fund.

THE PUBLIC TRUSTEE OF THE PROVINCE OF ONTARIO

Balance Sheet as at March 31, 1982

ASSETS	1982	1981
ESTATES AND TRUSTS		
Cash in bank	$ 58,750	$ 124,189
Funds invested (schedule A)	87,945,770	87,745,770
Bonds	85,752,666	67,629,785
Stocks	5,956,273	5,564,844
Mortgages receivable	4,108,571	3,638,494
Real estate	28,611,940	26,525,308
Pensions and life insurance	37,612,713	32,789,966
Miscellaneous	3,015,163	3,634,873
	253,061,846	227,653,229
Deduct mortgages payable	893,329	893,752
	252,168,517	226,759,477
ADMINISTRATION FUND ACCOUNT (note 2)		
Cash in bank	68,765	58,660
Funds invested (schedule A)	19,865,000	14,980,000
	19,933,765	15,038,660
	$272,102,282	$241,798,137

LIABILITIES	1982	1981
ESTATES AND TRUSTS		
Patients' estates	$194,702,482	$172,506,133
Crown estates	16,918,983	15,831,188
Deceased persons' estates	5,065,809	3,801,484
Probable escheats	7,743,761	8,250,500
Special trusts and charities	16,280,772	15,033,785
Corporate estates	5,192,858	5,243,075
Crown companies	583,527	363,293
Indian trusts	185,589	183,907
Unclaimed balances	391,042	371,950
Cemetery trusts	5,038,843	5,111,431
Child welfare trusts	64,851	62,731
	252,168,517	226,759,477
ADMINISTRATION FUND ACCOUNT (note 2)		
Current liabilities	505,698	244,476
Assurance fund (note 3)	200,000	200,000
Surplus	19,228,067	14,594,184
	19,933,765	15,038,660
	$272,102,282	$241,798,137

See accompanying notes to financial statements.

On behalf of the Public Trustee:

Public Trustee

D B Jackson

Deputy Public Trustee

THE PUBLIC TRUSTEE OF THE PROVINCE OF ONTARIO

Statement of Revenue and Expenditures
Year ended March 31, 1982

	1982	1981
Revenue		
Fees collected		
Patients' estates	$ 3,251,958	$ 2,062,951
Crown estates	492,021	383,835
Deceased person's estates	112,592	44,103
Probable escheats	97,646	73,429
Crown companies	19,368	31,534
Special trusts	162,571	148,375
Corporate estates	14,304	5,590
Cemetery trusts	22,200	21,512
Charities	50,776	34,079
	4,223,436	2,805,408
Bank interest	6,627	15,771
Income from funds invested, net (schedule B)	4,926,690	3,936,538
	9,156,753	6,757,717
Expenditures		
Salaries	3,181,875	2,866,138
Employee benefits	496,177	431,535
Transportation and communication	104,333	96,489
Services	629,395	520,318
Supplies and equipment	111,090	114,846
	4,522,870	4,029,326
EXCESS OF REVENUE OVER EXPENDITURES	$ 4,633,883	$ 2,728,391

Statement of Surplus
Year ended March 31, 1982

	1982	1981
BALANCE AT BEGINNING OF YEAR	$14,594,184	$11,865,793
Excess of revenue over expenditures	4,633,883	2,728,391
BALANCE AT END OF YEAR	$19,228,067	$14,594,184

See accompanying notes to financial statements.

THE PUBLIC TRUSTEE OF THE PROVINCE OF ONTARIO

Details of Funds Invested
As at March 31, 1982

SCHEDULE A

	1982	1981
Bank term deposits	$ 16,700,000	$ 11,818,690
Bonds (schedule C)	88,637,762	88,625,520
Accrued interest	2,416,373	2,190,678
Cash in bank	56,635	90,882
	$107,810,770	$102,725,770
Allocated as follows:		
Estates and trusts	$ 87,945,770	$ 87,745,770
Administration fund account (note 2)	19,865,000	14,980,000
	$107,810,770	$102,725,770

Income from Funds Invested
Year ended March 31, 1982

SCHEDULE B

	1982	1981
Interest earned on investments	$10,494,887	$ 9,583,453
Interest earned on bank accounts	236,326	221,782
	10,731,213	9,805,235
Deduct interest allowed	5,804,523	5,868,697
Income from funds invested, net	$ 4,926,690	$ 3,936,538

Details of Bonds
As at March 31, 1982

SCHEDULE C

	Par value	Amortized cost
Province of Ontario	$ 13,450,000	$ 13,435,820
Ontario Hydro	75,687,000	75,201,942
	$ 89,137,000	$ 88,637,762

See accompanying notes to financial statements.

THE PUBLIC TRUSTEE OF THE PROVINCE OF ONTARIO

Notes to Financial Statements
Year ended March 31, 1982

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Funds invested

Funds are invested in income producing securities and are normally held until their maturity. Such securities are traded only if any resultant loss on sale can be recovered through investment in replacement securities prior to the maturity date of the securities being traded. Accordingly, the securities are recorded at cost adjusted for the amortization of premiums or discounts on purchase. Interest income is recorded on an accrual basis.

(b) Stocks and bonds of estates and trusts

Stocks and bonds for all Estates and Trusts, except Cemetery Trusts, are recorded at the value of the stocks and bonds at the time of taking over of the Estates and Trusts. This valuation is determined by the Public Trustee's security department. The bonds of Cemetery Trusts are valued at par.

(c) Real estate

Real estate is recorded at appraised value at time of incorporation of the trust and is subject to periodic subsequent adjustments.

(d) Pensions

Pensions are recorded at the estimated annual amount receivable by the trusts.

(e) Life Insurance

Life insurance is recorded at its cash surrender value at the time of taking over of the Estates and Trusts.

(f) Fixed assets

Fixed assets are recorded as expenditures when purchased.

2. ADMINISTRATION FUND ACCOUNT

The Administration Fund is the operating account of the Public Trustee. It is used to accumulate fees charged each estate for services, as prescribed by the regulations under the Public Trustee Act.

Cash balances in the Administration Fund which are not required for operating purposes are invested along with the cash funds of estate and trust accounts. The Administration Fund receives the net interest income of these investment activities, after interest is allowed on the Estate and Trust Funds in accordance with regulations under the Act.

All operating expenses of the office of the Public Trustee are paid from the Administration Fund.

The Lieutenant Governor in Council may from time to time direct the payment into the Province's Consolidated Revenue Fund of any balance at the credit of the Administration Fund. The most recent such direction was made by Order in Council dated September 6, 1972 whereunder $8,500,000 was paid out of the Administration Fund into the Consolidated Revenue Fund of the Province.

3. ASSURANCE FUND

The regulations under the Act provide that an Assurance Fund be established to meet losses for which the office of the Public Trustee might become liable. At the direction of the Advisory Committee, transfers from the Administration Fund in the amounts of $25,000 and $175,000 were made in September 1942 and March 1957, respectively. A resolution of the Advisory Committee on September 25, 1974 recommended the continuance of this Fund in the amount of $200,000.

4. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform with 1982 presentation.

THE PUBLIC TRUSTEE OF THE PROVINCE OF ONTARIO

To the Public Trustee of the Province of Ontario and
to the Attorney General

I have examined the balance sheet of The Public Trustee of the Province of Ontario as at March 31, 1982 and the statements of revenue and expenditures and surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of The Public Trustee of the Province of Ontario as at March 31, 1982 and the results of operations for the year then ended in accordance with the accounting policies described in note 1 to the financial statements, applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Public Trustee and to the Attorney General.

Toronto, Ontario,
June 23, 1982.

D. F. Archer, F.C.A.,
Provincial Auditor.

LIQUOR CONTROL BOARD OF ONTARIO
(Incorporated under the Liquor Control Act)

Balance Sheet
March 31, 1982

Assets

	1982 $	1981 $
Current		
Cash	7,190,838	–
Accounts receivable, trade and others	2,288,234	1,939,155
Inventories, at cost	135,506,224	123,851,894
Prepaid expenses	855,795	515,696
	145,841,091	126,306,745
Fixed, at cost (note 1)	90,159,185	81,957,603
Less amounts written off	90,159,184	81,957,602
	1	1
	145,841,092	126,306,746

Liabilities and Retained Income

	1982 $	1981 $
Current		
Bank overdraft	–	1,472,342
Accounts payable and accrued liabilities	70,415,841	55,173,528
	70,415,841	56,645,870
Retained income	75,425,251	69,660,876
	145,841,092	126,306,746

See accompanying notes to financial statements.

Approved:

Chairman

General Manager

To the Liquor Control Board of Ontario and
to the Minister of Consumer and Commercial Relations.

I have examined the balance sheet of the Liquor Control Board of Ontario as at March 31,1982 and the statements of income and retained income for the year then ended. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at March 31, 1982 and the results of its operations for the year then ended in accordance with generally accepted accounting principles, as modified by Note 1 to the financial statements, applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Board and to the Minister.

D. F. Archer

Toronto, Ontario,
August 6, 1982.

D. F. Archer, F.C.A.,
Provincial Auditor.

LIQUOR CONTROL BOARD OF ONTARIO

Statement of Income
year ended March 31, 1982

	1982 $	1981 $
Sales	1,329,263,205	1,182,784,469
Cost of sales	684,341,922	616,263,246
Gross income	644,921,283	566,521,223
Operating expenses		
Salaries and employee benefits	104,235,466	94,234,966
Rent	12,087,357	10,957,204
Repairs and maintenance	2,756,964	2,897,493
Grants in lieu of taxes	2,959,404	2,423,902
Utilities	3,251,992	2,785,809
Packing material	1,918,734	1,662,244
Stationery	1,058,995	862,047
Travelling	533,950	468,825
Stock breakage and losses	1,275,387	1,327,405
Agency commissions and expenses	814,028	728,943
Armoured car services	790,266	648,207
Security services	142,152	279,593
Equipment rental and supplies	804,644	721,902
Telephone and telegraph	541,067	454,196
Other	3,115,768	2,854,228
Fixed assets written off	8,405,638	5,104,082
	144,691,812	128,411,046
Operating income	500,229,471	438,110,177
Other revenue		
Special occasion permit purchase fees	3,786,652	3,885,190
Interest on bank balances	2,775,982	646,426
Miscellaneous income	972,270	741,640
	7,534,904	5,273,256
Net income for the year	507,764,375	443,383,433

Statement of Retained Income
year ended March 31, 1982

	1982 $	1981 $
Balance, beginning of year	69,660,876	59,277,443
Add net income for the year	507,764,375	443,383,433
	577,425,251	502,660,876
Deduct payments to the Treasurer of Ontario on account of net income	502,000,000	433,000,000
Balance, end of year	75,425,251	69,660,876

See accompanying notes to financial statements.

LIQUOR CONTROL BOARD OF ONTARIO

Notes to Financial Statements
March 31, 1982

1. FIXED ASSETS

Fixed assets are written off in the year of acquisition and are carried on the books at a nominal value of $1.00.

The cost at year end of fixed assets, net of disposals, is as follows:

	1982 $	1981 $
Land (note 2b)	12,564,269	11,255,906
Buildings (note 2b)	56,967,862	51,457,348
Furniture and equipment	10,543,154	9,753,095
Leasehold improvements	10,083,900	9,491,254
	90,159,185	81,957,603

2. COMMITMENTS

(a) Total commitments as of March 31, 1982 for lease of premises amount to $51,100,000. Of this total $9,500,000 becomes payable during the year ending March 31, 1983.

(b) The Board is building a new warehouse in Whitby, Ontario with total costs estimated at $108,000,000 through 1984. To March 31, 1982 $6,200,000 has been spent on land and buildings ($2,500,000 to March 31, 1981). The Board expects to spend $45,000,000 during the 1982-83 fiscal year

ONTARIO LOTTERY CORPORATION

(Incorporated without share capital under the Ontario Lottery Corporation Act)

Balance Sheet
as at March 31, 1982

ASSETS

	1982 $	1981 $
Current assets		
Cash	9,227,709	16,953,288
Prize funds	27,628,996	24,659,275
Due from Interprovincial Lottery Corporation	5,045,283	8,055,140
Accrued interest	679,696	677,177
Accounts receivable	2,058,044	2,218,050
Prepaid expenses	405,435	231,374
	45,045,163	52,794,304

LIABILITIES

	1982 $	1981 $
Current liabilities		
Prize money unclaimed	27,628,996	24,659,275
Net profit/proceeds due to the Treasurer of Ontario (notes 3, 4)	3,284,617	12,764,248
Accounts payable and accrued liabilities	3,020,183	6,147,503
Deferred income	11,111,367	9,223,278
	45,045,163	52,794,304

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

To the Board of Directors of the Ontario Lottery Corporation and
to the Minister of Tourism and Recreation.

I have examined the balance sheet of the Ontario Lottery Corporation as at March 31, 1982 and the statements of operations and net profit/proceeds due to the Treasurer of Ontario for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1982 and the results of its operations for the year then ended in accordance with the accounting policy described in Note 1a to the financial statements, applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Corporation and to the Minister.

Toronto, Ontario,
August 20, 1982.

D. F. Archer, F.C.A.,
Provincial Auditor.

ONTARIO LOTTERY CORPORATION

Statement of Net Profit/Proceeds due to the Treasurer of Ontario for the year ended March 31, 1982

	1982 $	1981 $
Balance, beginning of year	12,764,248	15,931,588
Net profit/proceeds for the year		
Wintario	56,124,659	59,832,337
Lottario	75,626,664	56,880,103
Provincial	16,550,237	20,510,997
Super Loto	9,218,809	11,609,223
	157,520,369	148,832,660
Less payments to the Treasurer of Ontario on account of net profit/proceeds:		
Wintario (note 3)	61,000,000	57,000,000
Lottario (note 3)	76,000,000	59,000,000
Provincial (note 4)	20,000,000	26,000,000
Super Loto (note 4)	10,000,000	10,000,000
	167,000,000	152,000,000
Balance, end of year		
Wintario	105,776	4,981,117
Lottario	1,173,236	1,546,572
Provincial	652,484	4,102,247
Super Loto	1,353,121	2,134,312
	3,284,617	12,764,248

See accompanying notes to financial statements.

Statement of Operations for the year ended March 31, 1982

	1982 $	1981 $
Cash ticket sales	448,645,261	422,884,341
Free tickets	58,251,183	67,448,475
	506,896,444	490,332,816
Less commissions – retailers and distributors	41,397,545	41,202,846
	465,498,899	449,129,970
Prizes		
Wintario – cash	72,673,526	83,466,000
– free tickets	47,650,959	52,122,245
Lottario	102,392,801	74,066,297
	222,717,286	209,654,542

ONTARIO LOTTERY CORPORATION

Statement of Operations – Continued

	1982 $	1981 $
Cost of tickets (note 2)		
Provincial – cash	23,824,924	27,618,797
– free tickets	–	11,159,490
Super Loto – cash	14,750,864	17,724,146
– free tickets	10,600,224	4,166,740
	49,176,012	60,669,173
Operating expenses		
Advertising	12,825,029	10,158,060
Ticket printing	6,411,727	6,073,031
Administration and other expenses	13,173,805	9,611,891
Payment to Government of Canada (note 5)	8,785,854	9,371,806
Equipment	3,777,353	1,486,817
	44,973,768	36,701,605
Operating income	148,631,833	142,104,650
Interest	8,888,536	6,728,010
Net profit/proceeds for the year	157,520,369	148,832,660

See accompanying notes to financial statements.

Notes to Financial Statements
March 31, 1982

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The Corporation's financial statements are prepared in accordance with generally accepted accounting principles except for fixed assets which are written off to operations at the time of acquisition.

(b) Deferred Income

Revenues received net of expenses incurred for draws held subsequent to March 31st are deferred.

2. PROVINCIAL AND SUPER LOTO

Pursuant to section 7(b) of the Ontario Lottery Corporation Act, the Corporation was authorized by the Lieutenant Governor in Council to enter into agreements with other provinces regarding an interprovincial lottery scheme. The Provincial and Super Loto lotteries are joint undertakings by all provinces acting through the Interprovincial Lottery Corporation, a company incorporated under the Canada Business Corporation Act, the shares of which are held by Her Majesty the Queen in right of the respective provinces.

The Ontario Lottery Corporation is the Regional Marketing Organization for the Provincial and Super Loto in Ontario. The Corporation purchases tickets for these games from the Interprovincial Lottery Corporation. The cost of tickets purchased from the Interprovincial Lottery Corporation is composed of the proportional share of prizes based on the number of tickets purchased, plus operating expenses less relevant interest earnings of the Interprovincial Lottery Corporation.

3. NET PROFITS – WINTARIO AND LOTTARIO

Pursuant to section 9 of the Ontario Lottery Corporation Act, the net profits of the Corporation after provision for prizes and the payment of expenses and operations, are payable into the Consolidated Revenue Fund of the Province.

ONTARIO LOTTERY CORPORATION

4. NET PROCEEDS — PROVINCIAL AND SUPER LOTO

Pursuant to Orders in Council 3034/76 and 1940/80, all moneys attributed to or accruing to Ontario from the Provincial and Super Loto after providing for prizes and the payment of operating expenses, are payable into the Consolidated Revenue Fund of the Province of Ontario to be held in trust.

5. PAYMENT TO GOVERNMENT OF CANADA

An agreement was made between the Government of Canada and the Province of Ontario in August 1979 which stipulated that the Government of Canada would withdraw from the sale of lottery tickets effective December 31, 1979. Effective January 1, 1980 the agreement required the provinces to remit quarterly to the Government of Canada the sum of $6 million, appropriately adjusted to reflect the effects of inflation, based on a formula which takes into account each province's population and proportionate ticket sales.

Ontario's 1981-82 share of the payment was $8,785,854 (1981 — $9,371,806) and was remitted to the Government of Canada through the Interprovincial Lottery Corporation.

6. SUBSEQUENT EVENT

On June 4, 1982 the Interprovincial Lottery Corporation launched a new game called "Lotto 6/49" for which the Ontario Lottery Corporation is the Regional Marketing Organization in Ontario. The first draw was held on June 12, 1982.

7. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform with 1982 presentation.

ONTARIO ENERGY

Consolidated
December 31,

ASSETS	1981	1980
CURRENT ASSETS:		
Cash, short-term deposits and accrued interest	$22,840,915	$27,209,648
Accounts receivable	74,441	39,637
Due from affiliated companies	164,683	513,389
Due from Treasurer of Ontario	656,396	–
	23,736,435	27,762,674
INVESTMENTS (Note 2)		
Suncor Inc.	647,268,726	–
Polar Gas	16,199,929	15,008,220
Other	5,678,578	1,376,668
DEFERRED PROJECT EXPENDITURES	350,057	172,204
FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS	196,310	51,989
	$693,430,035	$44,371,755

Approved by the Board:

Malcolm Rowan

Director

G. H. Hitchman

Director

CORPORATION

Balance Sheet
1981

LIABILITIES	1981	1980
CURRENT LIABILITIES		
Accounts payable and accrued charges	$1,587,247	$2,693,242
Current portion of long-term debt	16,325,000	75,000
	17,912,247	2,768,242
LONG-TERM DEBT (Note 3)	634,312,500	637,500
	652,224,747	3,405,742
SHAREHOLDER'S EQUITY		
SHARE CAPITAL		
Authorized		
2,000,000 common shares with no par value		
20,000,000 non-voting special shares with no par value		
Issued and fully paid — 2,000,000 common shares	100,000,000	100,000,000
Less 1,700,000 common shares held in treasury — at cost	(85,000,000)	(85,000,000)
RETAINED EARNINGS	26,205,288	25,966,013
	41,205,288	40,966,013
	$693,430,035	$44,371,755

To the Shareholder of
Ontario Energy Corporation:

We have examined the consolidated balance sheet of Ontario Energy Corporation as at December 31, 1981 and the consolidated statements of income and retained earnings and of changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Corporation as at December 31, 1981 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Deloitte, Haskins & Sells

Auditors

March 19, 1982

ONTARIO ENERGY CORPORATION

Consolidated Statement of Income and Retained Earnings
year ended December 31, 1981

	1981	1980
INTEREST INCOME	$ 4,581,674	$ 3,569,505
ADDITIONAL COSTS ON SALE OF PARTICIPATION IN SYNCRUDE PROJECT (Note 4)	(14,906)	(2,500,000)
	4,566,768	1,069,505
EXPENSES		
General and administrative expenses (Note 5)	2,028,547	808,939
Interest and bank charges, including interest on long-term debt of $1,115,813 (1980—$76,055)	1,126,211	76,998
	3,154,758	885,937
INCOME BEFORE EQUITY ADJUSTMENT	1,412,010	183,568
EQUITY ADJUSTMENT IN PROJECTS	(1,172,735)	—
NET INCOME	239,275	183,568
RETAINED EARNINGS, BEGINNING OF YEAR	25,966,013	25,782,445
RETAINED EARNINGS, END OF YEAR	$26,205,288	$25,966,013

Consolidated Statement of Changes in Financial Position
year ended December 31, 1981

	1981	1980
SOURCES OF WORKING CAPITAL		
Operations		
Income before equity adjustment	$ 1,412,010	$ 183,568
Item not affecting working capital—depreciation	31,431	9,007
	1,443,441	192,575
Notes due to Sun Company, Inc.	325,000,000	—
Loan from Treasurer of Ontario	325,000,000	712,500
	651,443,441	905,075
USES OF WORKING CAPITAL		
Suncor Inc. investment	647,268,726	—
Polar Gas investment	1,191,709	1,765,323
Other investments	5,474,645	1,290,852
Deferred project expenditures	177,853	94,172
Furniture, equipment and leasehold improvements	175,752	27,215
Current portion of long-term debt	16,325,000	75,000
	670,613,685	3,252,562
DECREASE IN WORKING CAPITAL	19,170,244	2,347,487
WORKING CAPITAL, BEGINNING OF YEAR	24,994,432	27,341,919
WORKING CAPITAL, END OF YEAR	$ 5,824,188	$24,994,432

Notes to the Consolidated Financial Statements
December 31, 1981

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements include the accounts of the Corporation and its wholly-owned direct subsidiaries which are:

Ontario Alternate Energy Ltd.
Ontario Energy In Transport Ltd.
Ontario Energy Resources Ltd.
Ontario Powershare Ltd.

ONTARIO ENERGY CORPORATION

Investments

Investments are accounted for using the equity method. The purchase price paid by the Corporation includes, in addition to its share of the net book value of Suncor Inc., $384,800,000 which relates primarily to oil sands and conventional oil and gas reserves and will be amortized over their estimated lives. The interest on funds borrowed to finance the purchase of the Suncor shares will be capitalized to the extent it relates to the purchase price of Suncor's undeveloped oil and gas properties.

Deferred project expenditures

Charges for services received in connection with continuing projects being investigated are initially reflected as deferred project expenditures. When an investment is made, the accumulated deferred project expenditures are treated in accordance with the applicable agreements. When management decides not to pursue a project the deferred project expenditures are charged to expense.

Furniture, equipment and leasehold improvements

Furniture, equipment and leasehold improvements are stated at cost less accumulated depreciation and amortization. Depreciation is determined using the straight-line method over a period of sixty months. Leasehold improvements are stated at cost and are amortized over the terms of the leases.

Income taxes

The Corporation is not subject to income taxes so long as not less than 90% of its outstanding shares are held directly or indirectly by the Province of Ontario. All of the Corporation's outstanding shares are presently held by the Province of Ontario.

Pensions

Pension costs are charged to earnings on a current basis.

2. INVESTMENTS

Suncor Inc.

The Coprporation purchased approximately 24.87% of the outstanding shares of Suncor Inc. from Sun Company, Inc. on December 23, 1981. No equity adjustment has been made with respect to the period from December 23 to 31, 1981.

On February 19, 1982, the Corporation offered to purchase for $51.26 each the 69,885 shares of Suncor Inc. not already owned by the Corporation or Sun Company, Inc.

Polar Gas

The Corporation is one of five continuing participants, four of whom are presently providing funds, in the Polar Gas Project and accordingly bears 25% of the ongoing research costs and 33-1/3% of costs related to the application for regulatory approval. The purpose of the project is to determine the feasibility of constructing and operating facilities for the transmission of natural gas from areas in the Canadian Arctic to southern markets.

In the event a company is formed to build and operate transmission facilities, each participant's interest is convertible into equity or debt of such company. Alternatively, under certain circumstances, each participant's interest may be repaid.

Other

The Corporation has invested in energy related projects of various types, many of which are in the developmental stage, and has made further commitments towards these projects aggregating approximately $2,400,000. In addition, the Corporation is required to spend a further $3,900,000 by September 30, 1983 to maintain certain project exploration rights.

3. LONG-TERM DEBT

	1981 $	1980 $
Loan from Treasurer of Ontario	637,500	712,500
Notes due to Sun Company, Inc.	325,000,000	–
Due to Treasurer of Ontario	325,000,000	–
	650,637,500	712,500
Less portion due within one year	16,325,000	75,000
	634,312,500	637,500

The loan from the Treasurer of Ontario bears interest at 13.75% and is repayable in semi-annual instalments of $37,500.

The notes due to the Sun Company, Inc. are payable in 20 semi-annual instalments commencing on June

ONTARIO ENERGY CORPORATION

Notes to the Consolidated Financial Statements — Concluded
December 31, 1981

15, 1982 of $8,125,000 for each of the first 10 instalments and $24,375,000 for each of the remaining 10 instalments. Interest is payable semi-annually at the rate of 14.357%. The Treasurer of Ontario has stated that it is the intention of the Government of Ontario to ensure the Corporation has sufficient funds to pay the notes.

The amount due to the Treasurer of Ontario is a non-interest bearing demand loan. It is not the intention of the Treasurer of Ontario to demand payment of the loan in the forthcoming year.

4. SALE OF PARTICIPATION IN SYNCRUDE PROJECT

The Corporation sold its participation in the Syncrude Project in 1978 subject to the final adjustment of the amount due to the purchaser by the Corporation. The Corporation had provided for estimated additional costs of $2,500,000 in 1980. The actual amount of the final settlement was $2,514,906.

5. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Of the directors of the Corporation, six are not employees and receive director's fees. The Corporation employs six senior officers as defined in The Business Corporations Act, Ontario. The aggregate remuneration paid or payable for the year by the Corporation and its subsidiaries to its directors and senior officers, amounted to $315,723. The salary of an officer of the Corporation was paid by the Province of Ontario.

ONTARIO HYDRO

Summary of Significant Accounting Policies

The accompanying financial statements have been prepared by management in accordance with generally accepted accounting principles in Canada, applied on a consistent basis except for the changes in accounting policy described under "Unamortized debt discount" and in note 19. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality and in the light of information available up to March 8, 1982. To assist the reader in understanding the financial statements, the Corporation's significant accounting policies are summarized below:

Fixed assets

Fixed assets are capitalized at cost which is comprised of material, labour and engineering costs, plus overheads, depreciation on service equipment and interest applicable to capital construction activities. In the case of generation facilities, cost also includes the net cost of commissioning, and for nuclear generation, the cost of heavy water. The net cost of commissioning is the cost of start-up less the value attributed to energy produced by units during their commissioning period. The cost of heavy water is the direct cost of production and applicable overheads, plus interest and depreciation on the heavy water production facilities. Leases which transfer the benefits and risks of ownership of assets to Ontario Hydro are capitalized.

Interest is capitalized on construction in progress at rates which approximate the average cost of long-term funds borrowed in the years in which expenditures have been made for fixed assets under construction. The effective annual rates were 11.5% in 1981 and 10.2% in 1980.

If it is decided to significantly extend the construction period of a project, interest is not capitalized on construction during the period of extension. If a project is deferred after construction has started, mothballing costs associated with the deferment are charged to operations. Interest is not capitalized on deferred projects during the period of their deferral. If a project is cancelled, all costs, including the costs of cancellation, are written off to operations.

If fixed assets are removed from service and mothballed for future use, the associated mothballing costs are charged to operations.

Depreciation

All fixed assets in service, except land, are depreciated on a straight-line basis. Depreciation rates for the various classes of assets are based on their estimated service lives, which are subject to periodic review. Any changes in service life estimates are implemented on a remaining service life basis.

The estimated service lives of assets in the major classes are:

Generation — hydraulic	— 50 to 100 years
fossil and nuclear	— 30 years
Heavy water	— over the period ending in the year 2030
Transmission and distribution	— 20 to 55 years (1980 — 25 to 55 years)
Administration and service	— 5 to 60 years
Heavy water production facilities	— 20 years

In accordance with the group depreciation practices of the utility industry, for normal retirements the cost of fixed assets retired is charged to accumulated depreciation with no gain or loss being reflected in operations. However, gains and losses on sales of fixed assets, losses on premature retirements, and the costs of removal less salvage proceeds on all retirements, are charged to operations in the year incurred as adjustments to depreciation expense.

Fixed assets removed from service and mothballed for future use are amortized so that any estimated loss in value is charged to operations on a straight-line basis over their expected non-operating period.

Deferred projects are amortized so that any estimated loss in value is charged to operations on a straight-line basis over their expected deferral period. On disposal of component parts during the deferral period, the cost of fixed assets less proceeds on disposal are normally charged to accumulated amortization with no gain or loss being reflected in operations.

Unamortized advances for fuel supplies

As part of its program to ensure the adequate supply of fuels for its generating stations, Ontario Hydro has entered into long-term fuel supply contracts. Where these contracts require Ontario Hydro to make payments for pre-production costs to suppliers in advance of product delivery, these payments and associated costs, including interest, are carried in the accounts as unamortized advances for fuel supplies. The advances are amortized to fuel inventory as the fuels are delivered.

Fuel for electric generation

The cost of fuel for electric generation is comprised of fuel purchases, transportation and handling costs, and the amortization of advances for fuel supplies. Transportation costs include charges for interest and depreciation on railway equipment owned by Ontario Hydro. Fuel used for electric generation is charged to operations on the average cost basis.

Unamortized debt discount

Debt discounts or premiums arising on the issuance of debt are amortized over the period to maturity of the debt. In addition, redemption discounts or premiums on debt acquired prior to the date of maturity are amortized over the period from the acquisition date to the original maturity date of the debt. Prior to January 1, 1981, redemption discounts or premiums were credited or charged to operations at the date of acquisition of the debt.

Nuclear agreement — Pickering units 1 and 2

Ontario Hydro, Atomic Energy of Canada Limited and the Province of Ontario are parties to a joint undertaking for the construction and operation of units 1 and 2 of

ONTARIO HYDRO

Pickering Nuclear Generating Station, with ownership of these units being vested in Ontario Hydro. Contributions to the capital cost by Atomic Energy of Canada Limited and the Province of Ontario amounted to $258 million and these have been deducted in arriving at the value of fixed assets in service in respect of Pickering units 1 and 2. Ontario Hydro is required to make monthly payments until the year 2001 to each of the parties in proportion to their capital contributions. These payments, termed "payback", represent in a broad sense the net operational advantage of having the power generated by Pickering units 1 and 2 as compared with coal-fired units similar to Lambton units 1 and 2.

Commissioning energy

Revenues from the sale of power and energy include revenues from energy produced by generating units during the commissioning period. A charge is included in the cost of operations for the value attributed to the energy produced during the commissioning period. This charge is equivalent to the operating and fuel costs of producing the same quantity of energy at generating units displaced because of the commissioning activity.

Appropriations from net income

Under the provisions of The Power Corporation Act, the price payable by customers for power is the cost of supplying the power. Such cost is defined in the Act to include the cost of operating and maintaining the system, depreciation, interest, and the amounts appropriated for debt retirement and stabilization of rates and contingencies.

The debt retirement appropriation is the amount required under the Act to accumulate in 40 years a sum equal to the debt incurred for the cost of the fixed assets in service. The appropriation for, or withdrawal from, the stabilization of rates and contingencies reserve is an amount established to maintain a sound financial position and to stabilize the effect of cost fluctuations.

Foreign currency translation

Long-term debt payable in foreign currencies is translated to Canadian currency at rates of exchange at the time of issue. Current monetary assets and liabilities, including long-term debt payable within one year, are translated to Canadian currency at year-end rates of exchange and the resulting gains or losses, together with realized exchange gains or losses, are credited or charged to operations.

Pension plan

The pension plan is a contributory, defined benefit plan covering all regular employees of Ontario Hydro. The pension costs, as actuarially determined, include current service costs and amounts required to amortize any surpluses or unfunded liabilities. Pension plan surpluses or unfunded liabilities are amortized over a fifteen year period.

Research and development

Research and development costs are charged to operations in the year incurred, except for those related directly to the design or construction of a specific capital facility.

Auditors' Report

We have examined the statement of financial position of Ontario Hydro as at December 31, 1981 and the statements of operations, equities accumulated through debt retirement appropriations, reserve for stabilization of rates and contingencies and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of Ontario Hydro as at December 31, 1981 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. Further, in our opinion, such principles, except for the change in accounting for redemption discounts or premiums on debt acquired prior to the date of maturity as described in the summary of significant accounting policies and in note 19 to the financial statements, have been applied on a basis consistent with that of the preceding year.

Toronto, Canada
March 8, 1982

CLARKSON GORDON
Chartered Accountants

ONTARIO HYDRO

Statement of Financial Position
as at December 31, 1981

Assets	1981 $'000	1980 $'000
Fixed assets		
Fixed assets in service (note 7)	12,489,659	10,887,352
Less accumulated depreciation	2,787,400	2,443,317
	9,702,259	8,444,035
Construction in progress (note 7)	5,381,265	4,801,293
Deferred construction projects (note 8)	364,001	384,849
	15,447,525	13,630,177
Current assets		
Cash and short-term investments (note 9)	408,441	239,118
Accounts receivable	373,309	346,840
Fuel for electric generation (note 10)	681,320	618,262
Materials and supplies, at cost	157,421	144,179
	1,620,491	1,348,399
Other assets		
Unamortized advances for fuel supplies (note 11)	596,824	414,105
Unamortized debt discount (note 19)	72,785	121,829
Long-term accounts receivable and other assets	91,996	78,837
	761,605	614,771
	17,829,621	15,593,347

See accompanying summary of significant accounting policies and notes to financial statements.

ONTARIO HYDRO

Liabilities	1981 $'000	1980 $'000
Long-term debt		
Bonds and notes payable (note 12)	13,840,051	12,103,349
Other long-term debt (note 13)	260,300	272,355
	14,100,351	12,375,704
Less payable within one year	437,769	370,646
	13,662,582	12,005,058
Current liabilities		
Accounts payable and accrued charges	541,778	470,032
Short-term notes payable	97,200	144,525
Accrued interest	400,639	318,809
Long-term debt payable within one year	437,769	370,646
	1,477,386	1,304,012
Contingencies (notes 7, 8 and 14)		
Equity		
Equities accumulated through debt retirement appropriations	1,803,662	1,651,937
Reserve for stabilization of rates and contingencies	759,296	505,645
Contributions from the Province of Ontario as assistance for rural construction	126,695	126,695
	2,689,653	2,284,277
	17,829,621	15,593,347

On behalf of the Board:

Hugh Macaulay
Chairman

M. Nastich
President

Toronto, Canada
March 8, 1982

ONTARIO HYDRO

Statement of Operations
for the year ended December 31, 1981

	1981 $'000	1980 $'000
Revenues		
Primary power and energy		
Municipal utilities	1,800,129	1,603,072
Rural retail customers (note 1)	545,760	513,616
Direct industrial customers	391,038	341,785
	2,736,927	2,458,473
Secondary power and energy (note 2)	424,581	360,742
	3,161,508	2,819,215
Costs		
Operation, maintenance and administration	764,712	639,572
Fuel used for electric generation	762,571	673,856
Power purchased	127,919	99,490
Nuclear agreement – payback	62,801	49,038
Commissioning energy	2,858	229
Depreciation (note 3)	324,596	305,967
	2,045,457	1,768,152
Income before financing charges and extraordinary item	1,116,051	1,051,063
Interest (note 4)	657,490	655,399
Foreign exchange (note 5)	51,743	19,238
	709,233	674,637
Income before extraordinary item	406,818	376,426
Extraordinary item (note 6)	–	160,000
Net income	**406,818**	**216,426**
Appropriation for:		
Debt retirement as required by The Power Corporation Act	152,766	137,743
Stabilization of rates and contingencies	254,052	78,683
	406,818	216,426

See accompanying summary of significant accounting policies and notes to financial statements.

ONTARIO HYDRO

Statement of Equities Accumulated through Debt Retirement Appropriations for the year ended December 31, 1981

	Municipal Utilities	Power District (Rural Retail and Direct Industrial Customers)	Totals	
			1981	1980
	$'000	$'000	$'000	$'000
Balances at beginning of year	1,158,456	493,481	1,651,937	1,516,026
Debt retirement appropriation	103,044	49,722	152,766	137,743
Transfers and refunds on annexations by municipal utilities	4,205	(5,246)	(1,041)	(1,832)
Balances at end of year	1,265,705	537,957	1,803,662	1,651,937

Statement of Reserve for Stabilization of Rates and Contingencies for the year ended December 31, 1981

	Held for the benefit of all customers	Held for the benefit of (or recoverable from) certain groups of customers			Totals	
		Municipal Utilities	Rural Retail Customers	Direct Industrial Customers	1981	1980
	$'000	$'000	$'000	$'000	$'000	$'000
Balances at beginning of year	504,411	1,144	(1,043)	1,133	505,645	426,817
Appropriation	257,196	113	(188)	(3,069)	254,052	78,683
Transfers and recoveries on annexations by municipal utilities	(144)	—	(144)	—	(288)	255
Payment to Ontario Municipal Electric Association (note 15)	—	(113)	—	—	(113)	(110)
Balances at end of year	761,463	1,144	(1,375)	(1,936)	759,296	505,645

See accompanying summary of significant accounting policies and notes to financial statements.

ONTARIO HYDRO

Statement of Changes in Financial Position
for the year ended December 31,1981

	1981 $'000	1980 $'000
Source of Funds		
Operations		
Income before extraordinary item	406,818	376,426
Depreciation, a charge not requiring funds in the current year	324,596	305,967
	731,414	682,393
Financing		
Long-term debt		
Bonds and notes payable and other long-term debt issued	2,246,160	1,462,089
Less retirements	521,513	602,110
	1,724,647	859,979
Short-term notes payable — (decrease) increase	(47,325)	124,455
Cash and investments — (increase) decrease	(169,323)	195,410
	1,507,999	1,179,844
Accounts payable and accrued interest — increase (decrease)	153,576	(119,555)
Accounts receivable and other assets — decrease (increase)	7,974	(78,331)
	2,400,963	1,664,351
Application of Funds		
Net additions to fixed assets (note 16)	2,144,210	1,469,550
Unamortized advances for fuel supplies — increase	182,719	146,722
Fuel, materials and supplies — increase	74,034	48,079
	2,400,963	1,664,351

See accompanying summary of significant accounting policies and notes to financial statements.

ONTARIO HYDRO

Notes to Financial Statements

1. Rural retail revenues

Rural retail revenues for 1981 include $20 million provided to Ontario Hydro by the Province of Ontario in order to reduce the differential between rural and urban residential electricity rates. These funds enabled Ontario Hydro to provide discounts to rural residential customers during 1981.

2. Secondary power and energy

Secondary power and energy is comprised mainly of revenues of $423 million in 1981 (1980—$359 million) from sales of electricity to United States utilities.

3. Depreciation

	1981 $'000	1980 $'000
Depreciation of fixed assets in service	382,475	334,901
Amortization of deferred construction projects	16,323	13,954
Costs of removal less salvage proceeds on retirements	4,054	2,573
	402,852	351,428
Less:		
Depreciation charged to—heavy water production	50,672	21,605
—construction in progress	21,308	17,636
—fuel for electric generation	2,266	2,248
Net gains on sales of fixed assets	4,010	3,972
	78,256	45,461
	324,596	305,967

Depreciation of fixed assets in service includes $13 million (1980—$4 million) for the amortization of non-operating generating units which have been mothballed for future use. (See note 7.)

4. Interest

	1981 $'000	1980 $'000
Interest on bonds, notes, and other debt	1,369,933	1,165,921
Less:		
Interest charged to—construction in progress	472,596	328,985
—heavy water production	96,537	34,343
—unamortized advances for fuel supplies	48,366	29,323
—fuel for electric generation	10,259	8,603
Interest earned on investments	84,685	72,664
Net gain on redemption of debt and sale of investments	—	36,604
	712,443	510,522
	657,490	655,399

5. Foreign exchange

	1981 $'000	1980 $'000
Exchange loss on redemption and translation of foreign long-term debt	40,742	23,470
Net exchange loss (gain) on other foreign transactions	11,001	(4,232)
	51,743	19,238

6. Extraordinary item

As a result of the 1980 and 1981 forecasts projecting reduced rates of growth in future electrical demand, and the fact that studies indicated it was cost effective to install nuclear and hydraulic generation before adding more fossil-fueled stations, the plan to complete an oil-fueled generating station at Wesleyville was cancelled effective December 31, 1980. This cancellation resulted in an extraordinary charge of $160 million against income in 1980 to write off the construction project costs and to provide for the estimated costs of cancellation.

ONTARIO HYDRO

7. Fixed assets

	1981			1980		
	$'000			$'000		
	Assets in Service	Accumulated Depreciation	Construction in Progress	Assets in Service	Accumulated Depreciation	Construction in Progress
Generation – hydraulic.	1,747,545	421,769	8,454	1,733,004	390.861	11,714
– fossil	2,579,429	717,339	407,132	2,254,239	635,175	549,632
– nuclear . .	1,902,932	309,839	4,059,144	1,896,320	245,889	2,781,114
Heavy water	590,670	77,264	564,022	589,484	66,533	249,134
Transmission and distribution	3,680,004	852,513	302,254	3,396,803	783,017	326,307
Administration and service.	602,988	234,781	40,259	547,038	200,329	24,752
Heavy water production facilities.	1,386,091	173,895	–	470,464	121,513	858,640
	12,489,659	2,787,400	5,381,265	10,887,352	2,443,317	4,801,293

As a result of forecasts projecting reduced rates of growth in future electrical demand, certain fossil-fueled generating units were mothballed for future use; during 1979 and 1980, five units at the R. L. Hearn Generating Station, and during 1980, two units at the Lennox Generating Station were mothballed. The capital cost and accumulated depreciation of these non-operating units, amounting to $268 million and $89 million, respectively (1980 – $268 million and $76 million, respectively), are included in fossil generation assets in service. At this time it is uncertain when these units will resume operation.

Construction in progress at December 31, 1981 is comprised of:

	Remaining Number of Units Scheduled	Planned In-Service Dates	Dependable Capacity to be Placed in Service	Costs Incurred to December 31, 1981	Estimated Future Costs to Complete (Including Escalation)
			MW	$ millions	$ millions
Nuclear generating stations (including heavy water)					
Pickering "B".	4	1983-85	2,064	2,138	1,509
Bruce "B".	4	1984-87	3,000	1,922	3,618
Darlington.	4	1988-90	3,524	386	9.141
Fossil generating stations					
Thunder Bay.	1	1982	149	148	35
Atikokan.	1	1984	206	182	482
All other construction in progress.	–	–	–	605	–
				5,381	

The above estimates are the most recent forecasts as of March 8, 1982. These estimates include cost escalation which is forecast to range between 10.5% and 12.7% per year in the period 1982 to 1990. Interest is also added to the cost of construction in progress at rates which average 16.1% per year over this period. Because of long construction lead times on these projects and the uncertainties associated with the economic assumptions, the above planned in-service dates and estimated future costs to complete are subject to change.

8. Deferred construction projects

	1981			1980		
	$000's			$000's		
	Capital Cost	Accumulated Amortization	Unamortized Cost	Capital Cost	Accumulated Amortization	Unamortized Cost
Bruce Heavy Water Plant "D".	377,515	14,812	362,703	395,840	13,540	382,300
Minor projects.	4,983	3,685	1,298	5,724	3,175	2,549
	382,498	18,497	364,001	401,564	16,715	384,849

As a result of forecasts projecting reduced rates of growth in future electrical demand, the Board of Directors made revisions to the capital construction program for Bruce Heavy Water Plant "D". In 1978, it was decided to stop construction on the second half of the plant and store the components. In 1979 it was decided to complete construction and then mothball the first half of the plant. At this time it is uncertain when the plant will be used.

ONTARIO HYDRO

9. Cash and short-term investments

	1981 $'000	1980 $'000
Cash and interest bearing deposits with banks and trust companies	293,059	67,012
Corporate notes	76,285	53,580
Government and government-guaranteed securities	39,097	118,526
	408,441	239,118

Corporate notes were recorded at cost which approximates market value. Government and government-guaranteed securities were recorded at the lower of cost or market value; market value as at December 31, 1981 was $39 million (1980—$120 million).

10. Fuel for electric generation

	1981 $'000	1980 $'000
Inventories—coal	488,048	484,511
—uranium	154,977	100,608
—oil	38,295	33,143
	681,320	618,262

11. Unamortized advances for fuel supplies

	1981 $'000	1980 $'000
Coal	111,576	99,799
Uranium	485,248	314,306
	596,824	414,105

Based on present commitments, additional advance payments for fuel supplies, will total approximately $244 million over the next five years, including approximately $155 million in 1982.

12. Bonds and notes payable

Bonds and notes payable, expressed in Canadian dollars, are summarized by years of maturity and by the currency in which they are payable in the following table:

	1981				1980	
Years of maturity	Principal Outstanding $'000			Weighted Average Coupon Rate	Principal Outstanding $'000	Weighted Average Coupon Rate
	Canadian	Foreign	Total		Total	
1981	—	—	—		354,540	
1982	206,434	213,127	419,561		386,156	
1983	171,043	201,906	372,949		375,126	
1984	100,077	114,096	214,173		214,764	
1985	564,965	293,178	858,143		860,801	
1986	—	148,118	148,118		—	
1- 5 years	1,042,519	970,425	2,012,944	9.0%	2,191,387	8.9%
6-10 years	249,862	1,188,943	1,438,805	11.7	770,260	7.5
11-15 years	605,709	284,372	890,081	8.3	558,705	8.5
16-20 years	2,414,949	542,812	2,957,761	10.7	2,363,264	9.3
21-25 years	1,446,162	1,008,449	2,454,611	9.6	2,805,764	9.3
26-30 years	1,763,070	2,322,779	4,085,849	10.8	3,413,969	10.0
	7,522,271	6,317,780	13,840,051		12,103,349	
Currency in which payable						
Canadian dollars			7,522,271		6,823,253	
United States dollars			6,185,064		5,132,709	
West German Deutsche marks			75,992		90,663	
Swiss francs			56,724		56,724	
			13,840,051		12,103,349	

ONTARIO HYDRO

The bonds and notes payable in United States dollars include $4,502 million (1980 – $3,949 million) of Ontario Hydro bonds held by the Province of Ontario and having terms identical with Province of Ontario issues sold in the United States on behalf of Ontario Hydro. Except for these bonds and $1,000 million (1980 – 500 million) of bonds issued to the Province of Ontario with respect to Canada Pension Plan funds advanced to Ontario Hydro, all bonds and notes payable are guaranteed as to principal and interest by the Province of Ontario.

The long-term bonds and notes payable in foreign currencies are translated into Canadian currency at rates of exchange at time of issue. If translated at year-end rates of exchange, the total amount of these liabilities would have to be increased by $681 million at December 31, 1981 (1980 – $794 million).

13. Other long-term debt

	1981 $'000	1980 $'000
The balance due to Atomic Energy of Canada Limited for the purchase of Bruce Heavy Water Plant "A". Under the purchase agreement, Ontario Hydro pays equal monthly instalments of blended principal and interest to December 28, 1992, with interest at the rate of 7.795%	187,107	197,549
Capitalized lease obligation for the head office building at 700 University Avenue, Toronto. The lease obligation is for the 30-year period ending September 30, 2005, payable in United States dollars at an effective interest rate of 8%	41,889	42,455
Capitalized lease obligations for transport and service equipment. Under these agreements, monthly instalments of blended principal and interest will be paid to 1988, at effective interest rates ranging from 6.8% to 22.75%	31,304	32,351
	260,300	272,355

Payments required on the above debt, excluding interest, will total $99 million over the next five years. The amount payable within one year is $18 million (1980 – $16 million).

14. Fuel used for electric generation

Ontario Hydro has contracted with Petrosar Limited for the purchase of 20,000 barrels of residual fuel oil per day through to April 1992. Deliveries in 1981 were 6% (1980 – 18%) of the contract quantities. Ontario Hydro is currently discussing with Petrosar Limited implications of lower than contracted deliveries. An amount was charged to the 1981 cost of operations to provide for settlement with respect to reduced deliveries in 1980 and 1981.

15. Payment to Ontario Municipal Electric Association

The amount of this payment is equivalent to interest on the balance held for the benefit of Municipal Utilities in the Reserve for Stabilization of Rates and Contingencies.

16. Net additions to fixed assets

Net additions to fixed assets are capital construction expenditures less the proceeds on sales of fixed assets. In 1981, net additions to fixed assets reflect proceeds on sales amounting to $8 million (1980 – $76 million). For 1982, net additions to fixed assets are estimated to be $3,034 million.

17. Pension plan

The most recent actuarial valuation of Ontario Hydro's pension plan as at December 31, 1980, reported a surplus of approximately $17 million (December 31, 1979 – $81).

The significant actuarial assumptions used in the 1980 valuation (1979 valuation) were:

- rate used to discount future investment income 8.5% (1979 – 7%)and future benefits 8% (1979 – 7%)
- salary escalation rate 8% (1979 – 6.75%)
- average retirement age for males 61.8 (1979 – 62.2) and for females 60.8 (1979 – 61.9)
- common stock valuation 5 year average (1979 – 5 year average)

The effect ot the above changes in valuation assumptions, partially offset by the experience surplus for 1980, reduced the pension plan surplus by $64 million.

The pension plan costs for 1981 were $60 million (1980 – $43 million), after a reduction of $1 million (1980 – $7 million) for the amortization of pension plan surplus.

ONTARIO HYDRO

18. Research and development

In 1981, approximately $50 million of research and development costs were charged to operations and $5 million were capitalized (1980 – $41 million and $4 million, respectively).

19. Changes in accounting policy

Effective January 1, 1981, redemption discounts or premiums on debt acquired prior to the date of maturity are being amortized over the period from the acquisition date to the original maturity date of the debt. Prior to January 1, 1981, these redemption discounts or premiums were credited or charged to operations at the acquisition date of the debt. This change has been applied on a prospective basis because of the nature of the environment in which Ontario Hydro establishes its power rates. The efect of this change has been to decrease net income for the year ended December 31,1981 by approximately $90 million. This amount has been reflected as a reduction from the unamortized debt discount as shown in the statement of financial position as at December 31, 1981.

ONTARIO HOUSING

Incorporated without
the Ontario Housing

Balance
December

ASSETS

	1981 ($000's)	1980 ($000's) (note 13)
Accounts receivable	1,536	5,879
Contribution due from the Treasurer of Ontario (note 3)	62,333	61,787
Other assets	412	455
Mortgages and loans receivable	14,060	10,090
Land leased, at cost	2,308	2,308
Investment in properties		
Projects under development, at cost (note 4a)	11,945	25,624
Federal-Provincial housing, at cost, less accumulated amortization of $3,048; 1980 – $2,920	14,618	13,158
Student housing on leased land, at cost, less educational institutions' equity of $3,326; 1980 – $2,999 (note 4b)	64,976	65,303
Provincial housing, at cost, less accumulated amortization of $37,760; 1980 – $32,902	1,275,715	1,261,076
	$1,447,903	$1,445,680

See accompanying notes to financial statements.

On behalf of the Board:

Chairman

DJ Beasley
General Manager

CORPORATION

share capital under
Corporation Act

Sheet
31, 1981

LIABILITIES

	1981 ($000's)	1980 ($000's) (note 13)
Bank indebtedness	3,746	5,290
Accounts payable and accrued liabilities (note 5)	54,153	52,671
Holdbacks and deposits on construction contracts	1,243	2,346
Mortgages and debentures (note 6)		
— Canada Mortgage and Housing Corporation	1,196,150	1,195,588
— Other	17,284	11,122
Capital indebtedness to the Treasurer of Ontario (note 6)	175,327	178,663
	1,447,903	1,445,680

To the Members, Ontario Housing Corporation, and
to the Minister of Municipal Affairs and Housing.

I have examined the balance sheet of Ontario Housing Corporation as at December 31, 1981 and the statement of operations for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at December 31, 1981 and the results of its operations for the year then ended in accordance with the basis of accounting described in Note 1 to the financial statements, applied on a basis consistent with that of the preceding year.

In accordance with section 12 of the Ontario Housing Corporation Act, a report on the audit will be made to the Corporation and to the Minister of Municipal Affairs and Housing.

J.F. Otterman

Toronto, Ontario,
May 21, 1982.

J. F. Otterman, C.A.,
Assistant Provincial Auditor.

ONTARIO HOUSING CORPORATION

Statement of Operations
Year ended December 31, 1981

	1981 ($000's)	1980 ($000's) (note 13)
Assisted housing operations		
Rental revenue	130,202	114,733
Expenses		
Property operating expenses	190,833	164,996
Grants in lieu of municipal taxes	54,138	48,977
Amortization (principal repayments and interest)	112,343	108,512
	357,314	322,485
Loss on assisted housing operations (note 7)	227,112	207,752
Loss on rent supplement operations (note 8)	35,528	32,756
	262,640	240,508
Less: Canada Mortgage and Housing Corporation and municipalities shares (note 2)	134,717	127,546
	127,923	112,962
Provincial contributions to municipal housing projects (note 9)	9,992	8,192
Loss on housing operations	137,915	121,154
OTHER REVENUE AND EXPENSES		
Other revenue		
Interest	9,260	7,730
Administration and management fees	8	8
	9,268	7,738
Other expenses		
Interest (note 10)	7,003	12,330
Loss from disposal of real property	286	360
Administration (Schedule)	1,779	2,884
	9,068	15,574
Net other (revenue) expenses	(200)	7,836
NET OPERATING LOSS FOR THE YEAR	137,715	128,990
CONTRIBUTION BY THE TREASURER OF ONTARIO (note 3)	137,715	128,990

SCHEDULE

Administration Expenses
Year ended December 31, 1981

	1981 ($000's)	1980 ($000's) (note 13)
Salaries and benefits	387	370
General and office expenses	142	79
Transportation and communication	5	5
Supplies and equipment	2	4
Grants and other expenses	167	19
Administrative support services (note 11)	8,801	9,299
	9,504	9,776
Less: Recovery of administration expenses	7,725	6,892
	1,779	2,884

See accompanying notes to financial statements.

ONTARIO HOUSING CORPORATION

Notes to Financial Statements
December 31, 1981

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The accompanying financial statements have been prepared in accordance with generally accepted principles with the following exceptions:

(i) investments in Provincial and Federal-Provincial properties (land and buildings) are amortized over the terms of the corresponding indebtedness; and

(ii) building costs of student housing are amortized over the terms of the land leases.

(b) Capitalization of Costs

Carrying charges for properties under development are capitalized and include interest, administration expenses and grants in lieu of municipal taxes.

(c) Self-Insurance

The Corporation follows the policy of self-insuring its Investment in Properties for property damage such as fire, water and vandalism. Costs of such repairs are charged to property operating expenses.

2. SIGNIFICANT CHANGE IN OPERATIONS

On March 11, 1980, the Government of Ontario announced its intention to assume the 7½% municipal share of losses on all assisted housing programs. The new cost-sharing arrangement affects the Corporation's losses on provincial, federal-provincial and rent supplement programs, effective April 1, 1980.

3. CONTRIBUTION DUE FROM THE TREASURER OF ONTARIO

The receivable of $62.333 million (1980—$61.787 million) represents the amount due from the Treasurer of Ontario for the current year's net operating loss less advances received to date.

4. INVESTMENT IN PROPERTIES

(a) Projects under development

Carrying charges for land under development were capitalized in the amount of $1.111 million (1980—$2.886 million).

(b) Student housing on leased land

This investment represents capital costs incurred by the Corporation to provide student accommodation on land leased from 11 universities and colleges. The educational institutions make semi-annual repayments of the capital advances. When the loan is fully repaid, the title to the properties will be transferred to the respective institutions.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of:

	1981 ($000's)	1980 ($000's)
Canada Mortagage and Housing Corporation	20,110	20,589
Other....................................	34,043	32,082
	54,153	52,671

ONTARIO HOUSING CORPORATION

Notes to Financial Statements—Concluded
December 31, 1981

6. MORTGAGES, DEBENTURES AND CAPITAL INDEBTEDNESS

The Corporation borrows funds from Canada Mortgage and Housing Corporation (CMHC), the private sector and the Treasurer of Ontario to finance investments in real property. Such borrowings are repaid in accordance with agreement terms, over periods normally not in excess of 50 years.

Interest is payable to CMHC and the private sector at various rates based on individual agreements ranging from 4.25% to 14.50%—effective rate of 8.09% (1980 from 4.25% to 11.00%—effective rate of 8.03%). Interest is also payable to the Treasurer of Ontario at the weighted average rate of 8.29% (1980—8.41%).

Estimated scheduled principal repayments over the next five years due for all long term debts are as follows:

	(000's)
1982	6,231
1983	6,659
1984	7,117
1985	7,609
1986	8,037

7. LOSS ON ASSISTED HOUSING OPERATIONS

Under its assisted housing program, the Corporation essentially provides rental accommodation to families and senior citizens. The loss on this program is shared with Canada Mortgage and Housing Corporation. The municipal partnership participation ceased in accordance with the cost-sharing change referred to in note (2).

8. LOSS ON RENT SUPPLEMENT OPERATIONS

Under its rent supplement programs, the Corporation provides rent-geared-to-income accommodation within the private sector to applicants from its waiting list. The costs of these programs are shared with Canada Mortgage and Housing Corporation. The municipal partnership participation ceased in accordance with the cost-sharing change referred to in note (2).

9. PROVINCIAL CONTRIBUTIONS TO MUNICIPAL HOUSING PROJECTS

The Corporation contributed $9.992 million (1980—$8.192 million) to The Metropolitan Toronto Housing Company Limited towards operating costs for senior citizen apartment units.

10. INTEREST EXPENSES

In the early part of 1980, a settlement was reached with respect to the outstanding condominium buy-back financial guarantees. Under the agreement with the construction companies, interest in the amount of $6.310 million was paid and expensed during 1980 and the Corporation was released from any further liability.

11. ADMINISTRATIVE SUPPORT SERVICES

The Ministry of Municipal Affairs and Housing provides central administrative support services to the Corporation. The charge for such support services was determined on a basis acceptable to both the Corporation and the Ministry.

12. COMMITMENTS

The Corporation is committed to spend an estimated additional $3.365 million to complete properties under development in accordance with development agreements entered into with various contractors.

13. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform to 1981 presentation.

Administration expenses of $1.125 million pertaining to 1980 were reclassified as shareable property operating expenses. This resulted in the Corporation recovering $0.585 million from Canada Mortgage and Housing Corporation. These adjustments have been reflected by a restatement of certain comparative figures in the Statement of Operations, the Schedule of Administration Expenses and the figure for "Contribution due from the Treasurer of Ontario" on the Balance Sheet.

ONTARIO LAND

Incorporated without
the Ontario Land

Balance
March 31,

ASSETS	1982 ($000's)	1981 ($000's)
Cash (note 7a)	51,916	34,310
Accounts receivable		
Canada Mortgage and Housing Corporation	1,813	9,191
Mortgage guarantee fund (Schedule)	—	110
Other	742	580
Note receivable		
Ontario Development Corporation	666	666
Mortgages, loans and agreements for sale (notes 4 and 7a)	79,811	76,300
Leased residential land (note 5)	35,883	36,192
Investment in land (note 6)	494,665	492,981
	665,496	650,330
Mortgage guarantee fund (Schedule) (note 9)	1,780	1,612

See notes to financial statements.

On behalf of the Board:

Director

Director

CORPORATION

share capital under
Corporation Act

Sheet
1982

LIABILITIES	1982 ($000's)	1981 ($000's)
Accounts payable and accrued liabilities		
Ministry of Municipal Affairs and Housing	–	3,546
Canada Mortgage and Housing Corporation	2,464	1,038
Other	828	1,421
Holdbacks and deposits on construction contracts	3,884	2,722
Mortgages, debentures and similar indebtedness		
Canada Mortgage and Housing Corporation (note 7a)	111,959	105,225
Ontario Mortgage Corporation (note 7b)	1,985	1,869
Other	617	896
Capital indebtedness to the Treasurer of Ontario (note 8)		
Interest bearing	117,025	116,965
Non-interest bearing	402,056	399,881
Retained earnings	24,678	16,767
	665,496	650,330
Mortgage guarantee fund (Schedule) (note 9)	1,780	1,312

To the Board of Directors of the Ontario Land Corporation
and to the Minister of Municipal Affairs and Housing.

I have examined the balance sheet of the Ontario Land Corporation as at March 31, 1982 and the statements of earnings and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1982 and the results of its operations for the year then ended in accordance with the accounting policies described in note 2 applied, except for the change in the method of capitalization of interest as explained in note 3 to the financial statements, on a basis consistent with that of the preceding year.

In accordance with section 29 of the Ontario Land Corporation Act, a report on the audit has been made to the Corporation and to the Minister.

D. F. Archer

Toronto, Ontario,
August 6, 1982.

D. F. Archer, F.C.A.,
Provincial Auditor.

ONTARIO LAND CORPORATION

Statement of Retained Earnings
Year ended March 31, 1982

	1982 ($000's)	1981 ($000's)
Balance, beginning of year	16,767	4,628
Earnings for the year	7,911	12,139
Balance, end of year	24,678	16,767

Statement of Earnings
Year ended March 31, 1982

	1982 ($000's)	1981 ($000's)
REVENUE (note 10)		
Land marketing operations		
Sales	13,868	23,146
Cost of sales	11,920	19,507
	1,948	3,639
Deferred revenue realized	2,360	3,479
	4,308	7,118
Interest		
Mortgages, loans and agreements for sale	8,232	7,426
Bank deposits	8,171	6,214
Other	1,095	1,361
Rental income from leased residential land	3,080	3,025
	24,886	25,144
EXPENSES (note 11)		
Interest		
Treasurer of Ontario	11,365	10,717
Canada Mortgage and Housing Corporation	9,971	8,691
Other	86	93
	21,422	19,501
Less interest capitalized during year to investment in land (notes 2d and 3)	3,508	6,684
	17,914	12,817
Other	(939)	188
	16,975	13,005
Earnings for the year	7,911	12,139

See notes to financial statements.

SCHEDULE

ONTARIO LAND CORPORATION

Mortgage Guarantee Fund
as at March 31, 1982 (note 9)

ASSETS	1982 ($000's)	1981 ($000's)
Cash	57	39
Securities, at cost, including accrued interest (market value — $446; 1981 — $503)	807	807
Mortgages receivable arising through assignment	876	828
Mortgages receivable arising from sale of real estate	31	17
Real estate acquired by foreclosure	—	20
Due from Ontario Mortgage Corporation	9	11
Due to Ontario Land Corporation	—	(110)
	1,780	1,612

CONTINUITY OF FUND

	1982	1981
Interest income	168	148
Loss on disposal of securities	—	19
Net increase	168	129
Balance, beginning of year	1,612	1,483
Balance, end of year	1,780	1,612

See notes to financial statements.

Notes to Financial Statements
March 31, 1982

1. BASIS OF OPERATIONS

Ontario Land Corporation was incorporated as a Crown Corporation by an Act of the Ontario Legislature on March 19, 1975. The affairs and business of the Corporation are managed or supervised by a Board of Directors consisting of a maximum of twelve members appointed by the Lieutenant Governor in Council.

The objective of the Corporation is to promote community and industrial development of land in Ontario by the acquisition, development and marketing of land to persons in the private and government sectors for residential, industrial and commercial purposes.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Provincial, Federal and Municipal Agreements

Under the normal course of business, the Corporation may enter into partnership arrangements with Canada Mortgage and Housing Corporation and with various municipalities for the acquisition, development and marketing of lands. The accounting and administration of such arrangements is performed by the Corporation. These financial statements have been prepared on the proportionate consolidation basis whereby the Corporation records only its share of assets, liabilities, revenue and expenses in partnership projects.

(b) Leased Residential Land

Leased residential land is recorded at the proportionate share of acquisition costs plus capitalized direct costs to the date such land is leased to home owners.

(c) Investment in Land

Investment in land is recorded at acquisition cost plus capitalized direct costs. Capitalized direct costs consist principally of interest (note 2d), planning and development costs, grants in lieu of taxes, and administrative costs. Revenue from the rental of undeveloped land is applied as a reduction in the investment in land.

No attempt has been made to determine the net realizable value of land inventory as net realizable value is conditional upon the ultimate use which has yet to be determined.

ONTARIO LAND CORPORATION

Notes to Financial Statements — Continued
March 31, 1982

(d) Capitalization of Interest to Investment in Land

(i) Acquisition and Related Costs

Capitalized direct costs of non-partnership lands, financed by debt from the Treasurer of Ontario, include interest to January 1, 1979, at which time advances (note 8b) relating to these costs became non-interest bearing. Interest on debt relating to Canada Mortgage and Housing Corporation debentures (note 3) has been capitalized to March 31, 1981. Interest on debt relating to Federal/Provincial partnership lands (note 2a) is capitalized annually.

(ii) Planning, Development and Related Costs

Interest on debt from the Treasurer of Ontario (note 8a) and Canada Mortgage and Housing Corporation (note 7a) is capitalized to Federal/Provincial partnership and non-partnership lands annually.

(e) Income Recognition

(i) Marketing Operations

Gains or losses on marketing operations are recognized and taken into income on the date title is conveyed to the purchaser except when the transfer results in the Corporation assuming a non-interest bearing deferred mortgage for the amount of the gain. In such circumstances, the full amount of the gain is deferred and recognized as income only when the status of a non-interest bearing deferred mortgage changes and active repayment begins.

For financial statement purposes, deferred gains, represented by non-interest bearing deferred mortgages, are recorded as a reduction of mortgages receivable to more fairly reflect the appropriate carrying value of such mortgages.

(ii) Leased Residential Land

Rental income from leased residential land is recognized as it becomes due. At the option of the lessee, the lessee may acquire title to the leased land, at which time, the resulting gain or loss on disposal of the land is recognized.

(f) Cost of sales

Land acquisition costs are allocated on an acreage basis to each subdivision under development. As subdivision components are marketed, each component bears its proportionate share of acquisition, direct costs and, where applicable, costs to complete based on an estimated share of net realizable value.

3. CHANGE IN ACCOUNTING POLICY

Pursuant to the debenture agreements entered into with Canada Mortgage and Housing Corporation during the year (note 7a), the Corporation changed its policy on capitalization of interest on such debt relating to land acquisition costs. Effective April 1, 1981, the Corporation no longer capitalizes this interest as a direct cost, instead it is included in the Statement of Earnings as a period cost (note 2d). The effect of this change is a decrease in earnings for the year of approximately $4.333 million.

4. MORTGAGES, LOANS AND AGREEMENTS FOR SALE

Details of mortgages, loans and agreements for sale managed by the Corporation, including partnership equities (note 2a), are as follows:

		1982 By Participant			1981
Mortgages, Loans and Agreements for Sale	Total	Canada Mortgage and Housing Corporation	Various Municipalities	Ontario Land Corporation	Ontario Land Corporation
	($000's)	($000's)	($000's)	($000's)	($000's)
Active residential mortgages and agreements for sale, interest bearing.	98,201	34,987	711	62,503	65,701
Deferred mortgages, non-interest bearing (note 2e(i)).	66,239	36,221	59	29,959	32,469
Builders' mortgages, interest bearing.	23,034	11,581	—	11,453	7,367
Other, interest bearing.	6,114	259	—	5,855	3,232
	193,588	83,048	770	109,770	108,769
Less deferred gains (note 2e(i)).	(66,239)	(36,221)	(59)	(29,959)	(32,469)
TOTAL	127,349	46,827	711	79,811	76,300

ONTARIO LAND CORPORATION

Notes to Financial Statements – Continued
March 31, 1982

5. LEASED RESIDENTIAL LAND

Details of leased residential land owned by the Corporation, including partnership equities (note 2a), are as follows:

1982			1981
Total ($000's)	Canada Mortgage and Housing Corporation ($000's)	Ontario Land Corporation ($000's)	Ontario Land Corporation ($000's)
46,712	10,829	35,883	36,192

6. INVESTMENT IN LAND

Details of the investment in land managed by the Corporation, including partnership equities (note 2a), are as follows:

	1982 ($000's)	1981 ($000's)
Acquisition cost	300,579	297,115
Capitalized costs		
Interest	162,398	162,946
Development	33,786	35,014
Other	14,334	14,949
	511,097	510,024
Less: Other partners' equity	16,432	17,043
Ontario Land Corporation	494,665	492,981

7. MORTGAGES, DEBENTURES AND SIMILAR INDEBTEDNESS

(a) Canada Mortgage and Housing Corporation

As authorized by Order in Council 3703/81, dated December 23, 1981, the Corporation entered into agreements with Canada Mortgage and Housing Corporation to consolidate all outstanding advances and debentures into two debenture agreements under Sections 40 and 42 of the National Housing Act (N.H.A.). These debentures are repayable over a 20 year term in quarterly instalments of principal and interest from April 1, 1982 to December 31, 2001, as follows:

	Interest Rate (%)	Quarterly Blended Instalment ($000's)	Total Debentures ($000's)
N.H.A. Section 40	7.1697	922	39,231
N.H.A. Section 42	9.8378	2,071	72,728
		2,993	111,959

Scheduled principal repayments over the next five years for these debentures are as follows:

	($000's)
1983	2,185
1984	2,379
1985	2,591
1986	2,823
1987	3,075
Subsequent to 1987	98,906
	111,959

Also, in accordance with Order in Council 3703/81, the Corporation assigned a portion of its cash and mortgages receivable to a debt retirement plan on January 1, 1982. The assigned assets and future interest accumulations on such assets will facilitate the repayment of the debenture debt owing to Canada Mortgage and Housing Corporation.

ONTARIO LAND CORPORATION

Notes to Financial Statements – Continued
March 31, 1982

Balances of the assigned assets as at March 31, 1982, are as follows:

	($000's)
Cash	33,082
Mortgages receivable	61,101
Total assets assigned	94,183

For financial statement purposes, the above amounts are not segregated and are reported under the appropriate statement captions.

(b) Ontario Mortgage Corporation

At March 31, 1982, the Corporation was indebted to Ontario Mortgage Corporation for mortgages on properties acquired due to default by the mortgagors. Interest and principal repayments are at varying amounts. The outstanding balance at March 31, 1982 is $1.985 million (1981 $1.869 million).

8. CAPITAL INDEBTEDNESS TO THE TREASURER OF ONTARIO

The Corporation obtains funds from the Treasurer of Ontario to finance its investment in undeveloped or partially developed lands, and in mortgages, leases and agreements for sale. These advances are repayable as funds are recovered from the assets for which these advances were made.

	1982	1981
	($000's)	($000's)
(a) Interest Bearing		
Advances bear interest at an average of 9.9% (1981-9.4%)	117,025	116,965
(b) Non-interest Bearing		
(i) Subject to a maximum of $399 million	396,972	394,893
(ii) Subject to a maximum of $4.942 million non-interest bearing to March 31, 1985	4,763	4,607
(iii) Other	321	381
	402,056	399,881

9. MORTGAGE GUARANTEE FUND

The fund was established to secure a portion of the contingent liability of the Corporation for guarantees given for mortgages provided by private sector lenders.

The outstanding balance of approved lenders' mortgages guaranteed by the fund at March 31, 1982 is $24.327 million (1981 $26.140 million).

The Province of Ontario is liable for balances in excess of the fund.

A summary of the fund's activities from inception is as follows:

	1982	1981
	($000's)	($000's)
Fee revenue	828	828
Interest income	965	797
	1,793	1,625
Net gain (loss) from operations	(13)	(13)
	1,780	1,612

ONTARIO LAND CORPORATION

Notes to Financial Statements – Continued
March 31, 1982

10. REVENUE

Details of revenue generated by the Corporation, including partnership equities (note 2a), are as follows:

		1982 By Participant			1981
Revenue Generated by the Corporation	Total	Canada Mortgage and Housing Corporation	Various Municipalities	Ontario Land Corporation	Ontario Land Corporation
	($000's)	($000's)	($000's)	($000's)	($000's)
Land marketing operations					
Sales	32,789	18,921	–	13,868	23,146
Cost of sales	(22,593)	(10,673)	–	(11,920)	(19,507)
	10,196	8,248	–	1,948	3,639
Deferred revenue realized	4,765	2,405	–	2,360	3,479
	14,961	10,653	–	4,308	7,118
Interest					
Mortgages, loans and agreements for sale	13,702	5,405	65	8,232	7,426
Bank deposits	8,171	–	–	8,171	6,214
Other	1,095	–	–	1,095	1,361
Rental income from leased residential land	3,884	804	–	3,080	3,025
TOTAL	41,813	16,862	65	24,886	25,144

11. ADMINISTRATIVE EXPENSES

General administrative expenses are absorbed by the Ministry of Municipal Affairs and Housing.

12. CONTINGENCIES

Certain owners of land, whose property was expropriated by the Corporation, have applied to the Land Compensation Board of Ontario for reassessment of the compensation paid on the expropriation of their land. Additional compensation that may be awarded is to be determined by arbitration and negotiation, and is estimated at $4 million. During the year, the Corporation paid settlements amounting to $4 million. The amount of these settlements has been added to the cost of the acquired land. Further settlements, if any, made with respect to the outstanding actions, will be accounted for as a charge to the cost of land in the period in which settlement occurs.

13. RELATED PARTY TRANSACTIONS

During the normal course of business, the Corporation enters into numerous transactions with other Federal, Provincial and Municipal authorities in order to accomplish its corporate objectives. These related party transactions have not been disclosed herein because of the nature and frequency.

14. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform with the presentation adopted in 1982.

15. SUBSEQUENT EVENT

Order in Council 1367/82 dated May 20, 1982 authorized that the assets of Ontario Mortgage Corporation, including retained earnings, together with all obligations, liabilities and responsibilities of Ontario Mortgage Corporation be transferred, vested in, and assumed by Ontario Land Corporation retroactive to April 1, 1982.

An agreement will be signed between the two Corporations to assign all the authorized and issued capital stock of Ontario Mortgage Corporation to Ontario Land Corporation and to effect transfer of assets and liabilities, including retained earnings, retroactive to April 1, 1982.

ONTARIO MORTGAGE CORPORATION

Balance Sheet
March 31, 1982

	1982 ($000's)	1981 ($000's)
Assets		
Cash	4,010	4,269
Funds on deposit with the Treasurer of Ontario	7,390	6,556
Securities (market value $5,468; 1981 – $6,234) (note 1a)	8,793	8,793
Accounts receivable	146	319
Mortgages (notes 1b, 2, 4 and 7)	522,881	506,814
Real estate (notes 1c, 3 and 4)	20,783	57,580
	564,003	584,331
Liabilities		
Accounts payable and accrued liabilities	2,703	2,531
Mortgages payable (note 5)	–	5,863
Advances from the Treasurer of Ontario (note 6)	548,655	568,155
	551,358	576,549
Shareholders' Equity		
Capital stock – authorized and issued 10 shares, no par value	–	–
Retained earnings	12,645	7,782
	564,003	584,331

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

To the Shareholders of Ontario Mortgage Corporation.

I have examined the balance sheet of Ontario Mortgage Corporation as at March 31, 1982 and the statements of earnings and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1982 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A report on the audit has been made to Ontario Mortgage Corporation and to the Minister of Municipal Affairs and Housing.

D. F. Archer

Toronto, Ontario,
July 15, 1982.

D. F. Archer, F.C.A.,
Provincial Auditor.

ONTARIO MORTGAGE CORPORATION

Statement of Earnings
Year ended March 31, 1982

	1982 ($000's)	1981 ($000's)
REVENUE		
Interest (note 8)	59,653	59,424
Other	1,189	937
	60,842	60,361
EXPENSES		
Interest	50,787	52,326
Administration (Schedule)	3,106	2,684
Loss on real estate operations (note 9)	2,086	3,599
	55,979	58,609
Net earnings for the year	4,863	1,752

Statement of Retained Earnings
Year ended March 31, 1982

	1982 ($000's)	1981 ($000's)
Balance, beginning of year	7,782	6,030
Net earnings for the year	4,863	1,752
Balance, end of year	12,645	7,782

SCHEDULE

Administration Expenses
Year ended March 31, 1982

	1982 ($000's)	1981 ($000's)
Salaries	1,849	1,584
Employee benefits	239	219
Transportation and communication	141	111
General and office services	833	741
Supplies and equipment (note 1d)	44	29
	3,106	2,684

See accompanying notes to financial statements.

ONTARIO MORTGAGE CORPORATION

Notes to Financial Statements
March 31, 1982

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Securities

Securities are stated at cost plus accrued interest.

(b) Mortgages

Mortgages are stated at cost, which essentially consists of amounts advanced, interest capitalized and accrued, taxes and other charges, less repayments, less an allowance for future mortgage losses. Capital gains or losses on mortgages are charged against the Mortgage and Real Estate Allowance.

(c) Real Estate

Real estate acquired upon default by mortgagors is carried at cost, less an allowance for real estate losses. Cost includes the mortgage receivable balance, accrued interest thereon, and amounts paid to acquire title to the property. No depreciation is charged on acquired real estate. Operating costs including improvements are expended as incurred. Capital gains or losses on disposal of real estate are charged against the Mortgage and Real Estate Allowance.

(d) Supplies and Equipment

Furniture and equipment purchases for general office use are expensed in the year of acquisition.

2. MORTGAGES

Mortgages as at March 31, 1982 consist of the following:

	1982 ($000's)	1981 ($000's)
National Housing Act	75,770	$ 74,421
Uninsured	453,920	438,978
	529,690	513,399
Mortgage and Real Estate Allowance	(6,809)	(6,585)
	522,881	506,814

These mortgages include an outstanding balance of $1.985 million (1981 $1.869 million) receivable from Ontario Land Corporation (OLC) for mortgages on properties acquired by OLC due to default by the mortgagors.

3. REAL ESTATE

As at March 31, 1982, the Corporation held 586 acquired properties (119 acquired in 1981-1982) due to default by mortgagors. These properties consist of townhouses, condominium apartments, and single family homes.

	1982 ($000's)	1981 ($000's)
Acquisition costs of properties—title held by the Corporation	14,582	47,620
Properties held under Power of Sale	7,311	12,483
	21,893	60,103
Mortgage and Real Estate Allowance	(1,110)	(2,523)
	20,783	57,580

Subsequent to the year end, 5 additional units were acquired and 104 units were sold.

4. MORTGAGE AND REAL ESTATE ALLOWANCE

	1982 ($000's)	1981 ($000's)
Balance, beginning of year	9,108	10,177
Mortgage Insurance fees	89	32
Net capital loss on sale of real estate	(1,293)	(1,101)
Recovery of prior years losses	15	—
	7,919	9,108

ONTARIO MORTGAGE CORPORATION

Notes to Financial Statements – Concluded

The balance in the allowance account has been deducted from the applicable assets as follows:

	1982 ($000's)	1981 ($00's)
Mortgages	6,809	6,585
Real Estate	1,110	2,523
	7,919	9,108

5. MORTGAGES PAYABLE

These mortgages represent first mortgages outstanding on acquired rental apartment complexes. The Corporation had second mortgage investments outstanding on these properties and took over title to these properties together with the first mortgages in order to protect its investment. These properties were sold during the current fiscal year.

6. ADVANCES FROM THE TREASURER OF ONTARIO

The Corporation borrows funds from the Treasurer of Ontario to finance mortgages receivable. Such borrowings are repaid in varying amounts, depending upon repayments by mortgagors, over periods normally not in excess of 50 years. Interest paid to the Treasurer of Ontario in 1982 was at an average rate of 9.017 per cent (1981 9.012 per cent).

7. ONTARIO RENTAL CONSTRUCTION LOAN PROGRAM

The Ontario Rental Construction Loan Program was introduced during 1981 to provide interest free second mortgage financing for the construction of rental housing units in selected communities where vacancy rates are low. As an agent of the Province, the Corporation is charged with the responsibility of distributing program funds and registering second mortgage titles.

These second mortgages are interest free for their full twenty-five year terms. Principal repayments begin in the sixteenth year and are divided into equal monthly instalments over the final ten years.

In its capacity as an agent of the Province, the Corporation administers the second mortgage loans but does not include amounts advanced as part of balance sheet assets and labilities. All principal recoveries will be deposited into the Consolidated Revenue Fund of the Province.

As at March 31, 1982, $21 million in such loans were made available by the Province. These amounts are recorded as transfer payments and as memorandum accounts receivable by the Province in its Public Accounts.

8. INTEREST

For the year ended March 31, 1981, the Corporation was reimbursed $2.01 million by the Province of Ontario for losses arising from lending at negative interest margins. For the year ended March 31, 1982 the Corporation was not reimbursed for such losses. Had such losses been reimbursed, the Corporation's revenue, net profit and retained earnings would have been increased by $1.82 million.

9. LOSS ON REAL ESTATE OPERATIONS

This essentially consists of maintenance and improvement costs net of rental revenue in respect of the acquired real estate.

10. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The aggregate direct remuneration for the eight directors and one senior officer for the year ended March 31, 1982 was $0.075 million (1981 $0.063 million).

11. SUBSEQUENT EVENT

Order in Council 1367/82 dated May 20, 1982 authorized that the assets of Ontario Mortgage Corporation, including retained earnings, together with all obligations, liabilities and responsibilities of Ontario Mortgage Corporation be transferred, vested in, and assumed by Ontario Land Corporation retroactive to April 1, 1982.

An agreement wll be signed between the two Corporations to assign all the authorized and issued capital stock of Ontario Mortgage Corporation to Ontario Land Corporation and to effect transfer of assets and liabilities, including retained earnings, retroactive to April 1, 1982

THE DEVELOPMENT

Combined
as at March

ASSETS	1982 $	1981 $
Cash	28,261,210	10,038,150
Short term deposits	12,513,161	23,053,287
Accounts receivable	443,260	275,461
Loans receivable		
Term, regular, less allowance for doubtful loans of $13,300,000; 1981—$11,800,000	93,740,851	88,559,682
Term, Ontario Business Incentives Program, less allowance for doubtful loans of $5,100,000; 1981—$3,600,000	123,285,047	109,793,451
Performance, subject to forgiveness	1,430,470	3,354,366
Employment Development Fund (note 3)	17,579,106	10,816,693
Ontario Industrial Parks Program	4,085,560	3,320,303
Board of Industrial Leadership and Development (BILD)	2,925,114	—
Eastern Ontario Subsidy Agreement (note 4)	1,924,842	371,510
St. Joseph's Heritage (note 5)	1,200,000	—
Flood Relief Loan Program	580,578	611,115
Rural Ontario Development Program	97,300	—
Northern Ontario Rural Development Agreement	57,000	—
Net investment in lease (note 6)	371,963	379,223
Serviced land at Sheridan Park, at cost, (note 1c)	215,089	208,797
Fixed assets, less accumulated depreciation (note 7)	4,233,277	2,951,159
Land and building held for sale (note 8)	131,528	131,528
	293,075,356	253,864,725

See accompanying notes to combined financial statements.

On behalf of the Boards:

James N. Joyce
Director

Director

Director

CORPORATIONS

Balance Sheet
31, 1982

LIABILITIES	1982 $	1981 $
Accounts payable and accrued charges	9,617	13,994
Deposits and trust accounts	137,701	101,559
Note payable – Ontario Land Corporation	666,321	666,321
Deferred revenue – Eastern Ontario Subsidy Agreement (note 4)	1,924,842	371,510
Loans assumed by other borrowers	60,000	–
Advances from the Province of Ontario		
Performance loans, subject to forgiveness	1,514,055	3,348,091
Other (note 2)	245,332,085	213,890,245
	249,644,621	218,391,720
SHAREHOLDER'S EQUITY		
Share capital – authorized and issued 7,000 shares with a par value of $1,000 each	7,000,000	7,000,000
Reserve for replacement of buildings	700,000	700,000
Retained earnings	35,730,735	27,773,005
	43,430,735	35,473,005
	293,075,356	253,864,725

To the Ontario Development Corporation,
Northern Ontario Development Corporation,
Eastern Ontario Development Corporation,
and to the Minister of Industry and Trade.

I have examined the combined balance sheet of the Development Corporations consisting of the Ontario Development Corporation, Northern Ontario Development Corporation and Eastern Ontario Development Corporation, as at March 31, 1982 and the combined statements of operations and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Development Corporations as at March 31, 1982 and the results of their operations for the year then ended in accordance with the basis of accounting as described in note 1 to the financial statements applied, after giving retroactive effect to the change in the method of accounting for the allowance for doubtful loans as referred to in note 2, on a basis consistent with that of the preceding year.

D F Archer

Toronto, Ontario,
August 18, 1982.

D. F. Archer, F.C.A.,
Provincial Auditor.

THE DEVELOPMENT CORPORATIONS

Combined Statement of Operations
for the year ended March 31, 1982

	1982 $	1981 $
Revenue		
Interest	16,583,310	14,514,525
Net income on Industrial Parks Operations (Schedule I)	952,408	755,088
Financing and rental income	57,108	58,333
Gain on sale of serviced land (note 1c)	—	406,313
Gain on discharge of lease option contract	—	20,000
	17,592,826	15,754,259
Expense		
Interest	21,426,096	18,751,048
Administration (Schedule II)	5,399,580	4,770,307
Performance loan forgiveness	1,762,259	3,952,931
Term loans written off (note 1b)	6,000,559	3,723,712
Payments on guaranteed bank loans (note 1b)	4,967,360	1,620,643
	39,555,854	32,818,641
Loss before recoveries from the Province of Ontario	21,963,028	17,064,382
Recoveries from the Province of Ontario		
Interest expense	11,791,000	9,871,000
Administration	5,399,580	4,770,307
Performance loan forgiveness	1,762,259	3,952,931
Term loans written off	6,000,559	3,723,712
Payments on guaranteed bank loans	4,967,360	1,620,643
	29,920,758	23,938,593
Net income for the year (note 2)	7,957,730	6,874,211

Combined Statement of Retained Earnings
for the year ended March 31, 1982

	1982 $	1981 $
Balance beginning of year as previously reported	12,373,005	9,478,294
Adjustment of prior year's income (note 2)	15,400,000	11,420,500
Balance, beginning of year as restated	27,773,005	20,898,794
Net income for the year	7,957,730	6,874,211
Balance, end of year	35,730,735	27,773,005

See accompanying notes to combined financial statements.

THE DEVELOPMENT CORPORATIONS

Statement of Industrial Parks Operations for the year ended March 31, 1982 (note 1f)

SCHEDULE I

	1982 $	1981 $
Revenue		
Rental and utility charges	2,873,826	2,876,636
Interest	826,046	617,620
	3,699,872	3,494,256
Expense		
Salaries and staff benefits	1,108,655	1,106,488
Maintenance and administration	822,612	946,283
Depreciation (note 1d)	782,569	598,090
Interest expense	53,893	61,773
Bad debt expense (recovery)	(20,265)	26,534
	2,747,464	2,739,168
Net income for the year	952,408	755,088

SCHEDULE II

Combined Administration Expenses for the year ended March 31, 1982 (note 1e)

	1982 $	1981 $
Salaries and staff benefits	4,223,111	3,717,965
Transportation and communication	387,220	381,721
Services	604,602	596,113
Supplies and equipment	184,647	74,508
	5,399,580	4,770,307

See accompanying notes to combined financial statements.

Notes to Combined Financial Statements
March 31, 1982

1. SIGNIFICANT ACCOUNTING POLICIES

(a) General

The combined financial statements include the accounts of Ontario Development Corporation, Northern Ontario Development Corporation and Eastern Ontario Development Corporation.

(b) Term loans written off and guaranteed loans paid

Write-offs of loans ultimately deemed uncollectible and guaranteed loans paid are charged directly to expense in the combined statement of operations. These write-offs are reimbursable by the Treasurer of Ontario.

(c) Serviced land at Sheridan Park, at cost

The original cost as well as the cost of improvements have been apportioned on a per acre basis, and the resultant per acre cost is used in determining the cost of sales of this land.

(d) Depreciation

Equipment purchases for head and district offices administration are charged to expense in the year of acquisition except for the Industrial Parks operations which capitalize all such expenditures.

THE DEVELOPMENT CORPORATIONS

Notes to Combined Financial Statements
March 31, 1982—Continued

Depreciation of fixed assets is provided on a straight-line basis, using rates of from 5 to 20 per cent per annum for buildings and improvements, and 20 per cent per annum for equipment.

(e) Administration Expenses

These expenses are reflected on a modified cash basis as followed by the Province.

(f) Industrial Parks Operations

Revenues and expenses related to the Industrial Parks operations are recorded on the accrual basis.

2. RESTATEMENT

The Corporation historically has reflected changes in the allowance for doubtful loans from one year to the next as a charge or credit to expense in the combined statement of operations. Since the Treasurer of Ontario reimburses the Corporation for all uncollectible loans written-off, such write-offs have no net effect on the combined statement of operations. Accordingly, the Corporation decided to change its accounting policy to reflect the allowance for doubtful loans as a reduction in advances from the Treasurer.

As a result of this change the balance of retained earnings as of March 31, 1981 has been restated to show a retroactive increase of $15,400,000. Of this amount, $3,979,500 is applicable to 1981 and income for that year has been restated. The remaining $11,420,500 relates to fiscal years prior to 1981 and has been applied against the opening balance of retained earnings in 1981.

Advances from the Treasurer of Ontario are shown net of the allowance for doubtful loans of $18,400,000 at March 31, 1982 and $15,400,000 at March 31, 1981, as restated.

3. EMPLOYMENT DEVELOPMENT FUND

The Corporations act as agent on behalf of the Government's Employment Development Fund which provides financial assistance to stimulate employment and investment opportunities in the Province of Ontario.

4. EASTERN ONTARIO SUBSIDY AGREEMENT

The Eastern Ontario Subsidy Agreement is an incentive program designed to aid small businesses by providing interest free forgiveable loans to new and existing small businesses in Eastern Ontario. It is jointly funded by the Governments of Canada and Ontario under The Eastern Ontario Subsidy Agreement. The objective is to assist in the establishment of new businesses and to encourage modernization and expansion of existing small businesses in the areas of mining, quarrying, manufacturing, processing (including agricultural and forest products) and related service industries.

Funds received for loan disbursements under the Agreement have been treated as transfer payments in the accounts of the Province. Although transfer payments are normally recorded as revenue, the Corporation has recorded the amount received from the Province as a liability which will be written down as loans are forgiven. This is consistent with the treatment accorded the other forgiveable loans and avoids distorting the combined results of operations through timing differences between the recognition of the revenue and the subsequent expense on forgiveness of loans.

5. ST. JOSEPH'S HERITAGE

During the fiscal year funds were provided by the Ministry of Health and lent to St. Joseph's Heritage, a medical and commercial centre, by the Northern Ontario Development Corporation under the authority of the Development Corporations Act. The Ministry of Health has undertaken to indemnify the Corporation against all costs, losses or damages which it may suffer or become liable for in respect of the loan.

6. NET INVESTMENT IN LEASE

This pertains to property leased to a client with an option to purchase. The Corporation's net investment in the lease is composed of total minimum lease payments less unearned finance income:

	1982 $	1981 $
Total minimum lease payments receivable, including renewals, to June 30, 2002	853,545	890,385
Less: unearned finance income	(481,582)	(511,162)
	371,963	379,223

Finance income related to the above direct financing lease is recognized in a manner that produces a constant rate of return of 8 per cent on the investment in the lease.

THE DEVELOPMENT CORPORATIONS

Notes to Combined Financial Statements
March 31, 1982 – Continued

7. FIXED ASSETS

Fixed assets are stated at acquisition cost and consist of:

	1982		1981	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
	$	$	$	$
Land	341,514	—	341,514	—
Buildings and improvements	9,116,992	5,262,165	7,086,834	4,517,745
Equipment	449,941	413,005	415,412	374,856
	9,908,447	5,675,170	7,843,760	4,892,601
	5,675,170		4,892,601	
	4,233,277		2,951,159	

8. LAND AND BUILDING HELD FOR SALE

This arose as a result of Northern Ontario Development Corporation taking possession of a security for a loan on default by the borrower. The land and building are stated in the accounts at appraised value at the date of acquisition plus costs of improvements.

9. WHOLLY-OWNED SUBSIDIARIES, NOT CONSOLIDATED

During fiscal 1981-82, the Northern Ontario Development Corporation wrote off performance loans and term loans advanced to Thunder Bay Ski Jumps Limited, a wholly-owned subsidiary, in the amount of $452,000 and $1,349,430, respectively. The reported loss of this subsidiary for the year ended March 31, 1982 amounted to $303,727 and the reported deficit was $1,149,789.

The Northern Ontario Development Corporation also owns all the issued shares of Minaki Lodge Resort Ltd. and Minaki Development Company Limited. The investment in these wholly-owned subsidiaries was written off in 1975-76. The reported losses of these wholly-owned subsidiaries for the period ended March 31, 1982 was $1,019,084 of which $848,000 related to interest expense. The deficits of these two subsidiaries as at March 31, 1982 was $6,552,117 and the contributed surplus was $681,858.

On July 18, 1978, debentures in the amount of $4,000,000 and $5,000,000 payable on demand and bearing interest at the rate of 9½ per cent per annum were issued by Minaki Lodge Resort Ltd. and Minaki Development Company Limited in favour of Ontario Development Corporation. These debentures were issued as security for amounts disbursed by the Ministry of Industry and Tourism and the Northern Ontario Development Corporation to these wholly-owned subsidiary companies. The Corporations have not recorded these debentures nor the related interest receivable in the accounts.

The subsidiaries have not been consolidated as they are deemed to be only temporary investments and their activities are not compatible with those of the Corporations.

10. CONTINGENT LIABILITIES

(a) As at March 31, 1982 contingent liabilities in the form of guaranteed bank loans or other guarantees amounted to $54,011,000 (1981 – $31,862,000). This includes bank loans guaranteed on behalf of the Employment Development Fund of $35,293,000 (1981 – $16,342,000).

(b) A legal action claiming aggregate damages of $4,500,000 plus interest has been instituted against the Corporation by a former shareholder of Minaki Lodge Resort Limited and Minaki Development Company Limited. The Corporation is of the opinion that the claim is without merit.

11. COMMITMENTS

Loans authorized but not disbursed as at March 31, 1982 amounted to $91,678,000 (1981 – $92,190,000). The amount of guarantees approved in respect of which bank loans had yet to be advanced was $43,090,000 (1981 – $29,406,000). This includes $12,933,000 (1981 – $12,714,000) in respect of the Employment Development Fund.

12. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform with 1982 presentation.

ONTARIO DEVELOPMENT

(Incorporated under the

Balance
as at March

Assets	1982 $	1981 $
Cash	22,252,250	6,158,707
Short term deposits	11,000,000	22,026,438
Accounts receivable	397,389	275,461
Due from Northern Ontario Development Corporation		
Ontario Industrial Parks Program	196,730	196,730
St. Joseph's Heritage	1,200,000	–
Due from Eastern Ontario Development Corporation		
Ontario Industrial Parks Program	3,095,822	2,481,814
Board of Industrial Leadership and Development (BILD)	2,000,000	–
Ontario Land Corporation	469,591	469,591
Loans receivable		
Term, regular, less allowance for doubtful loans of $7,500,000; 1981 – $6,500,000	51,808,205	49,226,267
Term, Ontario Business Incentives Program, less allowance for doubtful loans of $1,700,000; 1981 – $1,000,000	39,056,246	35,000,052
Performance, subject to forgiveness	1,192,605	2,353,537
Employment Development Fund (note 3)	17,429,106	10,666,693
Board of Industrial Leadership and Development (BILD)	2,632,714	–
Ontario Industrial Parks Program	246,800	135,600
Flood Relief Loan Program	261,074	281,610
Rural Ontario Development Program	66,100	–
Fixed assets, less accumulated depreciation (note 4)	4,233,277	2,951,159
Serviced land at Sheridan Park, at cost (note 1d)	215,089	208,797
	157,752,998	132,432,456

See accompanying notes to financial statements.

On behalf of the Board:

James W. Joyce
Director

Norman Cassone
Director

CORPORATION

Development Corporations Act)

Sheet
31, 1982

Liabilities	1982 $	1981 $
Accounts payable and accrued charges	9,617	13,994
Deposits and trust accounts	137,701	101,559
Note payable – Ontario Land Corporation	666,321	666,321
Advances from the Province of Ontario		
Performance loans, subject to forgiveness	1,277,648	2,348,727
Other (note 2)	118,466,314	98,340,145
	120,557,601	101,470,746
Shareholder's Equity		
Share capital – authorized and issued		
7,000 shares with a par value of $1,000 each	7,000,000	7,000,000
Reserve for replacement of buildings	700,000	700,000
Retained earnings	29,495,397	23,261,710
	37,195,397	30,961,710
	157,752,998	132,432,456

To the Ontario Development Corporation and
to the Minister of Industry and Trade.

I have examined the balance sheet of Ontario Development Corporation as at March 31, 1982 and the statements of operations and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at Marcn 31, 1982 and the results of its operations for the year then ended in accordance with the basis of accounting described in note 1 to the financial statements applied, after giving retroactive effect to the change in the method of accounting for the allowance for doubtful loans as referred to in note 2, on a basis consistent with that of the preceding year.

In accordance with section 24 of the Development Corporations Act, a report on the audit has been made to the Corporation and to the Minister.

D. F. Archer

Toronto, Ontario,
August 18, 1982.

D. F. Archer, F.C.A.,
Provincial Auditor.

ONTARIO DEVELOPMENT CORPORATION

Statement of Operations
for the year ended March 31, 1982

	1982 $	1981 $
Revenue		
Interest	9,875,822	8,843,727
Net income on Industrial Parks Operations (Schedule I)	952,408	755,088
Gain on sale of serviced land	–	406,313
	10,828,230	10,005,128
Expense		
Interest	8,592,543	7,848,968
Administration (Schedule II)	4,327,561	3,709,447
Performance loan forgiveness	1,001,414	3,509,808
Term loans written off (note 1c)	2,731,428	1,955,830
Payments on guaranteed bank loans (note 1c)	4,865,694	1,620,643
	21,518,640	18,644,696
Loss before recoveries from the Province of Ontario	10,690,410	8,639,568
Recoveries from the Province of Ontario		
Interest expense	3,998,000	3,305,000
Administration	4,327,561	3,709,447
Performance loen forgiveness	1,001,414	3,509,808
Term loans written off	2,731,428	1,955,830
Payments on guaranteed bank loans	4,865,694	1,620,643
	16,924,097	14,100,728
Net income for the year (note 2)	6,233,687	5,461,160

Statement of Retained Earnings
for the year ended March 31, 1982

Balance, beginning of year as previously reported	15,761,710	12,150,550
Adjustment of prior year's income (note 2)	7,500,000	5,650,000
Balance, beginning of year as restated	23,261,710	17,800,550
Net income for the year	6,233,687	5,461,160
Balance, end of year	29,495,397	23,261,710

See accompanying notes to financial statements.

ONTARIO DEVELOPMENT CORPORATION

SCHEDULE I

Statement of Industrial Parks Operations
for the year ended March 31, 1982
(note 1f)

	1982 $	1981 $
Income		
Rental and utility charges	2,873,826	2,876,636
Interest	826,046	617,620
	3,699,872	3,494,256
Expense		
Salaries and staff benefits	1,108,655	1,106,488
Maintenance and administration	822,612	946,283
Depreciation (note 1b)	782,569	598,090
Interest expense	53,893	61,773
Bad debt expense (recovery)	(20,265)	26,534
	2,747,464	2,739,168
Net income for the year	952,408	755,088

SCHEDULE II

Administration Expenses
for the year ended March 31, 1982
(note 1e)

	1982 $	1981 $
Salaries and staff benefits	3,370,688	2,911,109
Transportation and communication	237,230	211,623
Services	539,294	524,499
Supplies and equipment	180,349	62,216
	4,327,561	3,709,447

See accompanying notes to financial statements.

Notes to Financial Statements
March 31, 1982

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Loans receivable

Loans are disbursed by the Northern Ontario Development Corporation and the Eastern Ontario Development Corporation under section 12(1) of the Development Corporations Act. In accordance with this Act, the loan agreements have been drawn between the borrowers and Ontario Development Corporation. For financial statement purposes, the loans are shown as receivable from borrowers by the disbursing Corporations.

(b) Depreciation

Equipment purchases for head and district offices administration are charged to expense in the year of acquisition except for the Industrial Parks operations which capitalize all such expenditures.

Depreciation of fixed assets is provided on a straight-line basis, using rates of from 5 to 20 per cent per annum for buildings and improvements, and 20 per cent per annum for equipment.

ONTARIO DEVELOPMENT CORPORATION

Notes to Financial Statements – Continued
March 31, 1982

(c) Term loans written off and guaranteed loans paid

Write-offs of loans ultimately deemed uncollectible and guaranteed loans paid are charged directly to expense in the statement of operations. These write-offs are reimbursable by the Treasurer of Ontario.

(d) Serviced land at Sheridan Park, at cost

The original cost as well as the cost of improvements have been apportioned on a per acre basis, and the resultant per acre cost is used in determining the cost of sales of this land.

(e) Administration Expenses

These expenses are reflected on a modified cash basis as followed by the Province. Certain administrative costs were incurred on behalf of Northern Ontario Development Corporation and Eastern Ontario Development Corporation

(f) Industrial Parks Operations

Revenues and expenses related to the Industrial Parks operations are recorded on the accrual basis.

2. RESTATEMENT

The Corporation historically has reflected changes in the allowance for doubtful loans from one year to the next as a charge or credit to expense in the statement of operations. Since the Treasurer of Ontario reimburses the Corporation for all uncollectible loans written-off, such write-offs have no net effect on the statement of operations. Accordingly, the Corporation decided to change its accounting policy to reflect the allowance for doubtful loans as a reduction in advances from the Treasurer.

As a result of this change the balance of retained earnings as of March 31, 1981 has been restated to show a retroactive increase of $7,500,000. Of this amount, $1,850,000 is applicable to 1981 and income for that year has been restated. The remaining $5,650,000 relates to fiscal years prior to 1981 and has been applied against the opening balance of retained earnings in 1981.

Advances from the Treasurer of Ontario are shown net of the allowance for doubtful loans of $9,200,000 at March 31, 1982 and $7,500,000 at March 31, 1981, as restated.

3. EMPLOYMENT DEVELOPMENT FUND

The Corporation acts as agent on behalf of the Government's Employment Development Fund which provides financial assistance to stimulate employment and investment opportunities in the Province of Ontario.

4. FIXED ASSETS

Fixed assets are stated at acquisition cost and consist of:

	1982		1981	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
	$	$	$	$
Land	341,514	–	341,514	–
Buildings and improvements	9,116,992	5,262,165	7,086,834	4,517,745
Equipment	449,941	413,005	415,412	374,856
	9,908,447	5,675,170	7,843,760	4,892,601
	5,675,170		4,892,601	
	4,233,277		2,951,159	

5. CONTINGENT LIABILITIES

As at March 31, 1982 contingent liabilities in the form of guaranteed bank loans or other guarantees amounted to $39,983,000 (1981 – $28,523,000). This includes bank loans guaranteed on behalf of the Employment Development Fund of $23,372,000 (1981 – $13,807,000).

6. COMMITMENTS

Loans authorized but not disbursed as at March 31, 1982 amounted to $59,460,000 (1981 – $58,656,000). The amount of guarantees approved in respect of which bank loans had yet to be advanced was $35,062,000 (1981 – $23,248,000). This includes $9,447,000 (1981 – $8,540,000) in respect of the Employment Development Fund.

7. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform with 1982 presentation.

NORTHERN ONTARIO DEVELOPMENT CORPORATION

**(Incorporated without share capital under
the Development Corporations Act)**

Balance Sheet
as at March 31, 1982

Assets

	1982 $	1981 $
Cash	2,736,695	2,967,017
Short term deposit	1,513,161	1,026,849
Account receivable	23,943	—
Loans receivable		
Term, regular, less allowance for doubtful loans of $3,400,000; 1981 — $4,300,000	25,071,766	23,311,706
Term, Ontario Business Incentives Program, less allowance for doubtful loans of $1,200,000; 1981 — $1,500,000	30,220,189	26,174,608
Performance, subject to forgiveness	237,865	1,000,829
Ontario Industrial Parks Program	202,066	196,730
Flood Relief Loan Program	319,504	329,505
Board of Industrial Leadership and Development (BILD)	42,400	—
Northern Ontario Rural Development Agreement	57,000	—
St. Joseph's Heritage (note 5)	1,200,000	—
Net investment in lease (note 3)	371,963	379,223
Land and building held for sale (note 4)	131,528	131,528
	62,128,080	55,517,995

Liabilities and Retained Earnings

	1982	1981
Advances from the Province of Ontario		
Performance loans, subject to forgiveness	236,407	999,364
Other (note 2)	56,827,953	51,453,524
	57,064,360	52,452,888
Due to Ontario Development Corporation		
St. Joseph's Heritage (note 5)	1,200,000	—
Ontario Industrial Parks	196,730	196,730
	1,396,730	196,730
Total liabilities	58,461,090	52,649,618
Retained earnings	3,666,990	2,868,377
	62,128,080	55,517,995

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

NORTHERN ONTARIO DEVELOPMENT CORPORATION

Statement of Operations
for the year ended March 31, 1982

	1982 $	1981 $
Revenue		
Interest	3,940,721	3,493,921
Financing and rental income	57,108	58,333
Gain on discharge of lease option contract	–	20,000
	3,997,829	3,572,254
Expense		
Interest	5,811,216	5,008,193
Administration (Schedule)	633,620	598,610
Performance loan forgiveness	760,845	443,123
Term loans written off (note 1c)	2,796,575	1,279,714
Guaranteed loans paid (note 1c)	101,666	–
	10,103,922	7,329,640
Loss before recoveries from the Province of Ontario	6,106,093	3,757,386
Recoveries from the Province of Ontario		
Interest expense	2,612,000	2,222,000
Administration	633,620	598,610
Performance loan forgiveness	760,845	443,123
Term loans written off	2,796,575	1,279,714
Guaranteed loans paid	101,666	–
	6,904,706	4,543,447
Net income for the year (note 2)	798,613	786,061

Statement of Retained Earnings
for the year ended March 31, 1982

	1982	1981
Balance, beginning of year as previously reported (deficit)	(2,931,623)	(1,988,184)
Adjustment of prior year's income (note 2)	5,800,000	4,070,500
Balance, beginning of year as restated	2,868,377	2,082,316
Net income for the year	798,613	786,061
Balance, end of year	3,666,990	2,868,377

Administration Expenses
for the year ended March 31, 1982
(note 1b)

SCHEDULE

	1982 $	1981 $
Salaries and staff benefits	478,487	439,236
Transportation and communication	100,300	93,744
Services	52,754	58,202
Supplies and equipment	2,079	7,428
	633,620	598,610

See accompanying notes to financial statements.

NORTHERN ONTARIO DEVELOPMENT CORPORATION

Notes to Financial Statements
March 31, 1982

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Loans receivable

Loans are disbursed by the Corporation under section 12(1) of the Development Corporations Act. In accordance with this Act, the loan agreements have been drawn between the borrowers and Ontario Development Corporation. For financial statement purposes, the loans are shown as receivable from borrowers by the disbursing Corporation.

(b) Administration Expenses

These expenses are reflected on a modified cash basis as followed by the Province. These expenses do not include certain administrative expenses absorbed by Ontario Development Corporation.

Equipment purchases for general office use are charged to supplies and equipment in the year of acquisition.

(c) Term loans written off and guaranteed loans paid

Write-offs of loans ultimately deemed uncollectible and guaranteed loans paid are charged directly to expense in the statement of operations. These write-offs are reimbursable by the Treasurer of Ontario.

2. RESTATEMENT

The Corporation historically has reflected changes in the allowance for doubtful loans from one year to the next as a charge or credit to expense in the statement of operations. Since the Treasurer of Ontario reimburses the Corporation for all uncollectible loans written-off, such write-offs have no net effect on the statement of operations. Accordingly, the Corporation decided to change its accounting policy to reflect the allowance for doubtful loans as a reduction in advances from the Treasurer.

As a result of this change the balance of retained earnings as of March 31, 1981 has been restated to show a retroactive increase of $5,800,000. Of this amount, $1,729,500 is applicable to 1981 and income for that year has been restated. The remaining $4,070,500 relates to fiscal years prior to 1981 and has been applied against the opening balance of retained earnings in 1981.

Advances from the Treasurer of Ontario are shown net of the allowance for doubtful loans of $4,600,000 at March 31, 1982 and $5,800,000 at March 31, 1981, as restated.

3. NET INVESTMENT IN LEASE

This pertains to property leased to a client with an option to purchase. The Corporation's net investment in the lease is composed of total minimum lease payments less unearned finance income:

	1982 $	1981 $
Total minimum lease payments receivable, including renewals, to June 30, 2002	853,545	890,385
Less: unearned finance income	(481,582)	(511,162)
	371,963	379,223

Finance income related to the above direct financing lease is recognized in a manner that produces a constant rate of return of 8 per cent on the investment in the lease.

4. LAND AND BUILDING HELD FOR SALE

This arose as a result of the Corporation taking possession of the security for a loan on default by the borrower. The land and building are stated in the accounts at appraised value at the date of acquisition plus costs of improvements.

5. ST. JOSEPH'S HERITAGE

During the fiscal year funds were provided by the Ministry of Health and lent to St. Joseph's Heritage, a medical and commercial centre, by the Northern Ontario Development Corporation under the authority of the Development Corporations Act. The Ministry of Health has undertaken to indemnify the Corporation against all costs, losses or damages which it may suffer or become liable for in respect of the loan.

6. WHOLLY-OWNED SUBSIDIARIES, NOT CONSOLIDATED

During fiscal 1981-82, the Corporation wrote off performance loans and term loans advanced to Thunder Bay Ski Jumps Limited, a wholly-owned subsidiary, in the amount of $452,000 and $1,349,430, respectively. The reported loss of this subsidiary for the year ended March 31, 1982 amounted to $303,727 and the reported deficit was $1,149,789.

NORTHERN ONTARIO DEVELOPMENT CORPORATION

Notes to Financial Statements – Continued
March 31, 1982

The Corporation also owns all the issued shares of Minaki Lodge Resort Ltd. and Minaki Development Company Limited. The Corporation's investment in these wholly-owned subsidiaries was written off in 1975-76. The reported losses of these wholly-owned subsidiaries for the period ended March 31, 1982 amounted to $1,019,084 of which $848,000 related to interest expense. The deficit of these two subsidiaries as at March 31, 1982 was $6,552,117 and the contributed surplus was $681,858.

On July 18, 1978, debentures in the amount of $4,000,000 and $5,000,000 payable on demand and bearing interest at the rate of 9½ per cent per annum were issued by Minaki Lodge Resort Ltd. and Minaki Development Company Limited in favour of Ontario Development Corporation. These debentures were issued as security for amounts disbursed by the Ministry of Industry and Tourism and the Corporation to these wholly-owned subsidiary companies. The Corporation has not recorded these debentures nor the related interest receivable in the accounts.

The Corporation has not consolidated these subsidiaries as they are deemed to be only temporary investments and their activities are not compatible with those of the Corporation.

7. CONTINGENT LIABILITIES

(a) As at March 31, 1982 contingent liabilities in the form of guaranteed bank loans or other guarantees amounted to $9,217,000 (1981 – $1,337,000). This includes bank loans guaranteed on behalf of the Employment Development Fund of $8,122,000 (1981 – $1,150,000).

(b) A legal action claiming aggregate damages of $4,500,000 plus interest has been instituted against the Corporation by a former shareholder of Minaki Lodge Resort Ltd. and Minaki Development Company Limited. The Corporation is of the opinion that the claim is without merit.

8. COMMITMENTS

Loans authorized but not disbursed as at March 31, 1982 amounted to $9,758,000 (1981 – $10,071,000). The amount of guarantees approved in respect of which bank loans had yet to be advanced was $4,494,000 (1981 – $3,883,000). This includes $1,304,000 (1981 – $2,159,000) in respect of the Employment Development Fund.

9. EMPLOYMENT DEVELOPMENT FUND

The Corporation acts as agent in guaranteeing loans on behalf of the Government's Employment Development Fund which provides financial assistance to stimulate employment and investment opportunities in the Province of Ontario.

10. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform with 1982 presentation.

NORTHERN ONTARIO DEVELOPMENT CORPORATION

To the Northern Ontario Development Corporation and
to the Minister of Industry and Trade.

I have examined the balance sheet of Northern Ontario Development Corporation as at March 31, 1982 and the statements of operations and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1982 and the results of its operations for the year then ended in accordance with the basis of accounting as described in note 1 to the financial statements applied, after giving retroactive effect to the change in the method of accounting for the allowance for doubtful loans referred to in note 2, on a basis consistent with that of the preceding year.

In accordance with section 24 of the Development Corporations Act, a report on the audit has been made to the Corporation and to the Minister.

Toronto, Ontario,
August 18, 1982.

D. F. Archer, F.C.A.,
Provincial Auditor.

EASTERN ONTARIO DEVELOPMENT CORPORATION

**(Incorporated without share capital under
the Development Corporations Act)**

Balance Sheet
as at March 31, 1982

Assets

	1982 $	1981 $
Cash	3,272,265	912,426
Accounts receivable	21,928	—
Loans receivable		
Term, regular, less allowance for doubtful loans of $2,400,000; 1981 — $1,000,000	16,860,880	15,604,499
Term, Ontario Business Incentives Program, less allowance for doubtful loans of $2,200,000; 1981 — $1,100,000	54,008,612	49,036,001
Ontario Industrial Parks Program	3,636,694	2,987,973
Eastern Ontario Subsidy Agreement (note 3)	1,924,842	371,510
Employment Development Fund (note 4)	150,000	150,000
Board of Industrial Leadership and Development (BILD)	250,000	—
Rural Ontario Development Program	31,200	—
	80,156,421	69,062,409

Liabilities and Retained Earnings

	1982 $	1981 $
Advances from the Province of Ontario (note 2)	70,037,818	64,096,576
Due to Ontario Development Corporation		
Board of Industrial Leadership and Development (BILD)	2,000,000	—
Ontario Industrial Parks Program	3,095,822	2,481,814
Ontario Land Corporation	469,591	469,591
Loans assumed by other borrowers	60,000	—
Deferred revenue — Eastern Ontario Subsidy Agreement (note 3)	1,924,842	371,510
Total liabilities	77,588,073	67,419,491
Retained earnings	2,568,348	1,642,918
	80,156,421	69,062,409

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

To the Eastern Ontario Development Corporation and
to the Minister of Industry and Trade.

I have examined the balance sheet of Eastern Ontario Development Corporation as at March 31, 1982 and the statements of operations and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1982 and the results of its operations for the year then ended in accordance with the basis of accounting described in note 1 to the financial statements applied, after giving retroactive effect to the change in the method of accounting for the allowance for doubtful loans referred to in note 2, applied on a basis consistent with that of the preceding year.

In accordance with section 24 of the Development Corporations Act, a report on the audit has been made to the Corporation and to the Minister.

D. F. Archer

Toronto, Ontario
September 8, 1982.

D. F. Archer, F.C.A.,
Provincial Auditor.

EASTERN ONTARIO DEVELOPMENT CORPORATION

Statement of Operations
for the year ended March 31, 1982

	1982 $	1981 $
Revenue		
Interest	3,230,737	2,436,193
Expense		
Interest	7,486,307	6,153,203
Administration (Schedule)	438,399	462,250
Term loans written off (note 1c)	472,556	488,168
	8,397,262	7,103,621
Loss before recoveries from the Province of Ontario	5,166,525	4,667,428
Recoveries from the Province of Ontario		
Interest expense	5,181,000	4,344,000
Administration	438,399	462,250
Term loans written off	472,556	488,168
	6,091,955	5,294,418
Net income for the year (note 2)	925,430	626,990

Statement of Retained Earnings
for the year ended March 31, 1982

Balance, beginning of year as previously reported (deficit)	(457,082)	(684,072)
Adjustment of prior year's income (note 2)	2,100,000	1,700,000
Balance, beginning of year as restated	1,642,918	1,015,928
Net income for the year	925,430	626,990
Balance, end of year	2,568,348	1,642,918

SCHEDULE

Administration Expenses
for the year ended March 31, 1982
(note 1b)

	1982 $	1981 $
Salaries and staff benefits	373,936	367,620
Transportation and communication	49,690	76,354
Services	12,554	13,412
Supplies and equipment	2,219	4,864
	438,399	462,250

See accompanying notes to financial statements.

EASTERN ONTARIO DEVELOPMENT CORPORATION

Notes to Financial Statements
March 31, 1982

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Loans receivable

Loans are disbursed by the Corporation under section 12(1) of the Development Corporations Act. In accordance with this Act, the loan agreements have been drawn between the borrowers and Ontario Development Corporation. For financial statement purposes, the loans are shown as receivable from borrowers by the disbursing Corporation.

(b) Administration Expenses

These expenses are reflected on a modified cash basis as followed by the Province. These expenses do not include certain administrative expenses absorbed by Ontario Development Corporation.

Equipment purchases for general office use are charged to supplies and equipment in the year of acquisition.

(c) Term loans written off

Write-offs of loans ultimately deemed uncollectible are charged directly to expense in the statement of operations. These write-offs are reimbursable by the Treasurer of Ontario.

2. RESTATEMENT

The Corporation historically has reflected changes in the allowance for doubtful loans from one year to the next as a charge or credit to expense in the statement of operations. Since the Treasurer of Ontario reimburses the Corporation for all uncollectible loans written-off, such write-offs have no net effect on the statement of operations. Accordingly, the Corporation decided to change its accounting policy to reflect the allowance for doubtful loans as a reduction in advances from the Treasurer.

As a result of this change the balance of retained earnings as of March 31, 1981 has been restated to show a retroactive increase of $2,100,000. Of this amount, $400,000 is applicable to 1981 and income for that year has been restated. The remaining $1,700,000 relates to fiscal years prior to 1981 and has been applied against the opening balance of retained earnings in 1981.

Advances from the Treasurer of Ontario are shown net of the allowance for doubtful loans of $4,600,000 at March 31, 1982 and $2,100,000 at March 31, 1981, as restated.

3. EASTERN ONTARIO SUBSIDY AGREEMENT

The Eastern Ontario Subsidy Agreement is an incentive program designed to aid small businesses by providing interest free forgiveable loans to new and existing small businesses in Eastern Ontario. It is jointly funded by the Governments of Canada and Ontario under The Eastern Ontario Subsidy Agreement. The objective is to assist in the establishment of new businesses and to encourage modernization and expansion of existing small businesses in the areas of mining, quarrying, manufacturing, processing (including agricultural and forest products) and related service industries.

Funds received for loan disbursements under the Agreement have been treated as transfer payments in the accounts of the Province. Although transfer payments are normally recorded as revenue, the Corporation has recorded the amount received from the Province as a liability which will be written down as loans are forgiven. This is consistent with the treatment accorded the other forgiveable loans and avoids distorting the results of operations through timing differences between the recognition of the revenue and the subsequent expense on forgiveness of loans.

4. EMPLOYMENT DEVELOPMENT FUND

The Corporation acts as agent on behalf of the Government's Employment Development Fund which provides financial assistance to stimulate employment and investment opportunities in the Province of Ontario.

5. CONTINGENT LIABILITIES

As at March 31, 1982 contingent liabilities in the form of guaranteed bank loans or other guarantees amounted to $4,811,000 (1981 – $2,002,000). This includes bank loans guaranteed on behalf of the Employment Development Fund of $3,799,000 (1981 – $1,385,000).

6. COMMITMENTS

Loans authorized but not disbursed as at March 31, 1982 amounted to $22,460,000 (1981 – $23,463,000). The amount of guarantees approved in respect of which bank loans had yet to be advanced was $3,534,000 (1981 – $2,275,000). This includes $2,182,000 (1981 – $2,015,100) in respect of the Employment Development Fund.

7. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform with 1982 presentation.

ONTARIO PLACE CORPORATION

(Incorporated without share capital under the Ontario Place Corporation Act)

Balance Sheet
as at March 31, 1982

Assets	1982 $	1981 $
Current Assets		
Cash and short term deposits	445,435	555,219
Accounts receivable	173,259	108,698
Due from BILD (note 3)	84,051	—
Inventory (note 1b)	195,543	119,234
Prepaid charges	6,593	5,819
	904,881	788,970
Fixed assets (note 1a and 2)	1	1
	904,882	788,971

Liabilities and Retained Income	1982 $	1981 $
Current liabilities		
Accounts payable and accrued liabilities	459,363	278,447
Due to the Ministry of Tourism and Recreation (note 4)	200,000	—
Deferred income (note 9)	28,701	30,569
Transfer payments (note 2)	—	22,645
	688,064	331,661
Retained income	216,818	457,310
	904,882	788,971

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

To Ontario Place Corporation and
to the Minister of Tourism and Recreation.

I have examined the balance sheet of Ontario Place Corporation as at March 31, 1982 and the statement of operations and retained income for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1982 and the results of its operations for the year then ended in accordance with the basis of accounting described in note 1a to financial statements applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Corporation and to the Minister.

J.F. Otterman

Toronto, Ontario,
July 2, 1982.

J. F. Otterman, C.A.,
Assistant Provincial Auditor.

ONTARIO PLACE CORPORATION

Statement of Operations and Retained Income
for the year ended March 31, 1982

	1982 $	1981 $
Operating income		
Fees — admissions	4,511,365	3,415,663
— revenue attractions	985,473	1,124,132
— parking	848,141	854,399
Concessions (note 5)	884,170	922,620
Gross profit — boutiques (note 6)	250,823	248,273
— food services (note 7)	193,049	147,528
— Winter Program (note 8)	215,261	148,878
Marina	278,700	255,194
Film rentals and videotaping fees	121,715	91,575
Interest income	142,741	31,358
Other	34,416	25,989
	8,465,854	7,265,609
Administrative and operating expenditures		
Salaries, wages and employee benefits	4,152,117	3,659,425
Programming and entertainment	1,895,448	1,703,319
Site maintenance and miscellaneous services	950,635	803,859
Advertising	954,368	796,783
Supplies	484,604	454,582
Utilities	412,040	382,432
General and office	334,447	254,482
Security services	271,890	270,052
Films and photography	168,610	133,855
Realty taxes	87,106	68,625
Directors' fees	10,780	12,945
	9,722,045	8,540,359
Net operating loss before grant	(1,256,191)	(1,274,750)
Province of Ontario operating grant	1,021,000	1,358,000
Net operating income (loss)	(235,191)	83,250
Province of Ontario capital grant	519,000	404,000
Less capital expenditures	524,301	(322,932)
	(5,301)	81,068
Net income (loss)	(240,492)	164,318
Retained income, beginning of year	457,310	292,992
Retained income, end of year	216,818	457,310

See accompanying notes to financial statements.

ONTARIO PLACE CORPORATION

Notes to Financial Statements
March 31, 1982

1. SIGNIFICANT ACCOUNTING POLICIES

(a) The financial statements have been prepared in accordance with generally accepted accounting principles except that the Corporation charges all additions to fixed assets as expenditures in the year of acquisition and reflects fixed assets on the balance sheet at a nominal value.

(b) Inventory is valued on a first in first out basis at the lower of cost or net realizable value.

2. FIXED ASSETS

The total accumulated costs of fixed assets acquired since inception, less disposals to March 31, are as follows:

	1982 $	1981 $
Improvements to land	3,208,984	3,061,526
Buildings	5,976,156	3,972,231
Furniture and equipment	3,098,767	2,959,965
	12,283,907	9,993,722

Additionally, the original capital cost of facilities provided by the Province of Ontario, less disposals, amounted to approximately $28.9 million as at March 31, 1982.

During the current fiscal year the construction of a series of buildings called "Ontario North Now" was completed. The Ministry of Northern Affairs funded the construction cost of $2,049,402 and this amount is included in the Buildings account for the year ended March 31, 1982. At March 31, 1981, the Corporation had received $1,822,603 of which $22,645 had not been paid out until the current year.

3. DUE FROM BILD

By agreement dated March 17, 1982, the Board of Industrial Leadership and Development (BILD) agreed to contribute one million dollars for the interior design, construction, promotion and 1982 season operating costs of "Future Pod", a high technology display at Ontario Place. As at March 31, 1982 the Corporation had expended $84,051 which is to be recovered from BILD.

These expenditures have not been included in fixed assets as outlined in note 2 pending completion of the project.

4. DUE TO THE MINISTRY OF TOURISM AND RECREATION

During the year the Corporation received a temporary cash advance of $200,000 from the Ministry to defray expenses arising from the construction of Future Pod. This advance was subsequently repaid in April 1982.

5. CONCESSIONS

Concession revenue includes rents from concessionaires and the net operating profit of two wholly-owned food service operations, The Trillium Restaurant and Caboose, which are operated under a management agreement.

6. GROSS PROFIT ON BOUTIQUE SALES

The operations are summarized as follows:

	1982 $	1981 $
Sales	634,973	648,574
Merchandise Cost of Sales	384,150	400,301
Gross Profit	250,823	248,273

7. GROSS PROFIT ON FOOD SERVICES

The operations are summarized as follows:

	1982 $	1981 $
Sales	285,524	244,941
Merchandise Cost of Sales	92,475	97,413
Gross Profit	193,049	147,528

ONTARIO PLACE CORPORATION

8. GROSS PROFIT ON WINTER PROGRAM

The operations are summarized as follows:

	1982 $	1981 $
Sales	414,041	298,669
Film Rentals and Snack Bar Cost of Sales	198,780	149,791
	215,261	148,878

9. DEFERRED INCOME

Deferred income results from the prepayment of Marina slip rentals for the 1982 season.

10. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform with 1982 presentation.

WORKMEN'S COMPENSATION BOARD

Balance Sheet
Schedule 1 Accident Fund
December 31, 1981

	1981 $000's	1980 $000's
ASSETS		
Cash	3,546	16,838
Investments (Note 3)	1,569,295	1,490,474
Other assets (Note 4)	248,674	210,996
Land, buildings and equipment (Note 5)	19,094	19,430
	1,840,609	1,737,738
LIABILITIES		
Accounts payable and accrued charges (Note 6)	46,749	46,011
Estimated present value of future payments to existing Schedule 1 claimants	2,610,000	2,090,000
	2,656,749	2,136,011
UNFUNDED LIABILITY — Page 109	(816,140)	(398,273)
	1,840,609	1,737,738

See accompanying notes to financial statements.

Approved by the Board:

Chairman

Vice Chairman of Administration
and General Manager

To the Workmen's Compensation Board and
to the Minister of Labour.

I have examined the balance sheets — Schedule 1 Accident Fund and Schedule 2 of the Workmen's Compensation Board as at December 31, 1981 and the statements of income, expenses and unfunded liability — Schedule 1 Accident Fund and of changes in net deposits — Schedule 2 for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at December 31, 1981 and the results of its operations for the year then ended in accordance with the accounting principles set out in the notes to the financial statements, applied on a basis consistent with that of the preceding year.

A report on the audit will be made to the Board and to the Minister.

D. F. Archer

Toronto, Ontario,
April 30, 1982.

D. F. Archer, F.C.A.,
Provincial Auditor.

WORKMEN'S COMPENSATION BOARD

Consulting Actuary's Report on the Valuation of the Actuarial Liabilities of the Schedule 1 Accident Fund of the Workmen's Compensation Board of Ontario as at December 31, 1981

The estimated present value of future compensation, pension payments and medical aid under Schedule I on account of accidents that occurred on or before December 31, 1981 in the amount of $2,610,000,000 has been computed by the Board's Staff Actuary in accordance with methods and assumptions approved by us. We believe that the assumptions made are appropriate for this valuation and the methods employed are in accordance with sound actuarial principles. We have made such tests of the calculations as were deemed necessary. We have also examined the data upon which the calculations were based and found it to be sufficient for our purposes and consistent with the Board's financial statements.

As in previous valuations, no explicit provision has been made for potential future legislated amendments to the Workmen's Compensation Act, such as potential increases in the level of compensation and pensions in response to inflationary pressure. However, the interest rate assumed in the valuation was not increased to reflect increases during 1981 in the yields of the Board's investments related to such inflationary pressure. This maintenance of the same interest rate makes some implicit provision for potential future amendments to the Act in response to inflation. This policy was also followed in the previous valuation. The methods and assumptions employed were substantially the same as those employed in the previous valuation as at December 31, 1980.

In our opinion, which includes the foregoing comments, the amount of $2,610,000,000 as at December 31, 1981 makes reasonable provision for future compensation, pension payments and medical aid under Schedule I on account of accidents that occurred on or before December 31, 1981.

S Eckler

Samuel Eckler, F.S.A., F.C.I.A.

David A. Short

David A. Short, F.S.A., F.C.I.A.

April 13, 1982.

Actuaries with the firm of Eckler,
Brown, Segal & Company Ltd.

WORKMEN'S COMPENSATION BOARD

Statement of Income, Expenses and Unfunded Liability
Schedule 1 Accident Fund
year ended December 31, 1981

	1981 $000's	1980 $000's
INCOME		
Assessments and penalties (net of uncollectible assessments 1981 – $8,593; 1980 – $17,577)	601,470	529,109
Investment income (Note 8)	165,935	141,304
	767,405	670,413
EXPENSES		
Benefits (Note 9)	556,565	471,520
Provision for increase in estimated present value of future payments to existing claimants		
Current	160,000	100,000
Legislative amendments (Note 10)	360,000	—
Accident prevention – Page 114	21,470	17,978
Administration – Page 115	67,051	56,618
Medical and rehabilitation services	14,687	11,977
Mine rescue	799	581
Occupational health and safety	4,700	5,479
	1,185,272	664,153
EXCESS OF (EXPENSES OVER INCOME) INCOME OVER EXPENSES	(417,867)	6,260
UNFUNDED LIABILITY, BEGINNING OF YEAR	(398,273)	(404,533)
UNFUNDED LIABILITY, END OF YEAR	(816,140)	(398,273)

See accompanying notes to the financial statements.

WORKMEN'S COMPENSATION BOARD

Balance Sheet
Schedule 2
December 31, 1981

	1981 $000's	1980 $000's
ASSETS		
Cash	1,985	347
Investments	5,496	7,128
Administration expenses recoverable (Note 7)	7,116	6,275
Interest and other receivables	133	130
	14,730	13,880
LIABILITIES		
Accounts payable	–	830
Due to Schedule 1	7,018	6,190
	7,018	7,020
NET DEPOSITS – Page 111	7,712	6,860
	14,730	13,880

See accompanying notes to the financial statements.

Approved by the Board:

Chairman

Vice Chairman of Administration
and General Manager

WORKMEN'S COMPENSATION BOARD

Statement of Changes in Net Deposits
Schedule 2
year ended December 31, 1981

	1981	1980
INCREASE IN DEPOSITS		
Reimbursements from employers	$000's	$000's
Benefits	48,496	40,158
Administration costs	7,939	7,437
Investment income	933	744
	57,368	48,339
DECREASE IN DEPOSITS		
Benefits to workers		
Compensation	18,412	16,991
Medical aid	9,189	6,778
Rehabilitation	524	423
Pensions	20,452	17,092
Administration costs	7,939	7,437
	56,516	48,721
INCREASE (DECREASE) IN NET DEPOSITS	852	(382)
NET DEPOSITS, BEGINNING OF YEAR	6,860	7,242
NET DEPOSITS, END OF YEAR	7,712	6,860

See accompanying notes to the financial statements.

Notes to the Financial Statements
December 31, 1981

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared using the accrual method of accounting, except for Schedule 2 benefit payments and their related reimbursements which are accounted for on the cash basis, and reflect the following policies.

Investments

Investments are carried at amortized cost for bonds and amortized cost less principal repayments for mortgages, each plus or minus the unamortized balance of losses or gains on sales. The difference between the proceeds on the sale of a bond or mortgage and its book value is considered to be an adjustment of future portfolio yield deferred on the balance sheet and amortized over the lesser of the period to maturity of the security sold or 20 years. Short-term investments are carried at cost.

Market values of investments are not disclosed as the Board's policy is generally to hold them to maturity.

Land, buildings and equipment

Land, buildings and equipment are stated at cost. Buildings and equipment are depreciated on the straight-line method at rates calculated to amortize the cost of the assets over their estimated useful lives.

Assessment income

Assessment income is determined on the basis of provisional payrolls reported by employers. At year end, an accrual is calculated to give effect to the additional assessment revenue anticipated as a result of the actual payrolls being greater than provisional.

Assessment policies

The Board has established assessment policies which are deemed to be sufficient to finance an unfunded liability which has been determined to exist as a result of making the provision for the estimated present value of future payments to existing Schedule 1 claimants.

The estimated present value of future payments to existing Schedule 1 claimants is determined annually on an actuarial basis and is reviewed by independent consulting actuaries.

WORKMEN'S COMPENSATION BOARD

Notes to the Financial Statements – Continued
December 31, 1981

2. SCHEDULE 1 AND SCHEDULE 2

Schedule 1 relates to industries where the employers are liable to contribute to the accident fund and Schedule 2 relates to industries where the employers are individually liable to pay compensation, medical aid, rehabilitation costs and pensions.

3. INVESTMENTS	1981 $000's	1980 $000's
Bonds	1,053,271	1,035,824
Mortgages	388,084	356,125
	1,441,355	1,391,949
Unamortized portion of realized losses, net of gains, on sale of investments	18,708	12,688
	1,460,063	1,404,637
Short term	109,232	85,837
	1,569,295	1,490,474

4. OTHER ASSETS	1981 $000's	1980 $000's
Accrued investment income	29,098	27,107
Accrued assessment income	40,000	20,000
Assessment and other receivables	172,551	157,692
Prepaid administration expenses	7	7
Due from Schedule 2	7,018	6,190
	248,674	210,996

	$000's			
5. LAND, BUILDINGS AND EQUIPMENT	Cost	Accumulated Depreciation and Amortization	Net Book Value	Depreciation and Amortization Rates
Land	6,754	–	6,754	–
Buildings	10,196	4,385	5,811	2½%
Leasehold improvements	2,042	953	1,089	10%
Equipment	13,732	9,070	4,662	20%
Motor vehicles	1,253	475	778	25%
	33,977	14,883	19,094	

6. ACCOUNTS PAYABLE AND ACCRUED CHARGES	1981 $000's	1980 $000's
Accounts payable and accrued charges	30,221	31,475
Cheques issued and not yet cashed	16,528	14,536
	46,749	46,011

7. ADMINISTRATION EXPENSES RECOVERABLE

The Board administers the payment of worker benefits on behalf of Schedule 2 employers, for which it allocates a charge to Schedule 2 employers based on the total administration costs less certain costs not appropriate to Schedule 2.

WORKMEN'S COMPENSATION BOARD

Notes to the Financial Statements — Continued
year ended December 31, 1981

8. INVESTMENT INCOME

	1981 $000's	1980 $000's
Investment income	170,160	144,042
Less: Amortization of losses, net of gains, on sale of investments	(3,807)	(2,385)
Investment administration expenses	(418)	(353)
	165,935	141,304

9. BENEFIT EXPENSES

	1981 $000's	1980 $000's
Compensation	289,123	259,222
Medical aid	86,060	64,857
Rehabilitation	13,341	8,673
Pensions	169,793	139,668
	558,317	472,420
Less recovered from third parties	1,752	900
	556,565	471,520

10. LEGISLATIVE AMENDMENTS

The Workmen's Compensation Act was amended during the year by consent of the Legislative Assembly of the Province of Ontario. The effect of the amendments was to increase the amount of certain benefit payments made to claimants with the application of these increased payments having effective dates of July 1, 1980 and July 1, 1981.

The effect of the legislative amendments was to increase the estimated present value of future payments to existing Schedule 1 claimants by $360 million.

11. LEASE COMMITMENTS

The Board rents office space under operating lease arrangements with terms of various expiry dates. The aggregate minimum annual rental under these arrangements for the next five years is as follows:

	$000's
1982	$3,485
1983	$3,319
1984	$3,097
1985	$2,411
1986	$1,984

12. COMPARATIVE FIGURES

Certain of the prior year's comparative figures have been reclassified to conform to the current year's presentation.

WORKMEN'S COMPENSATION BOARD

Schedule I Accident Fund
Accident Prevention Expenses by Category and Safety Association
year ended December 31, 1981

	1981 $000's	1980 $000's
BY CATEGORY		
Salaries and employees' benefits	11,739	9,680
Travel and vehicle maintenance	1,970	1,542
Supplies and services	492	404
Equipment rental and maintenance	155	110
Depreciation of equipment	138	130
Occupancy costs	916	807
Security services and insurance	47	28
Communications and publications	4,693	4,324
Miscellaneous	1,320	953
	21,470	17,978
BY SAFETY ASSOCIATION		
Construction Safety Association of Ontario	6,442	5,762
Electrical Utilities Safety Association of Ontario	1,002	815
Forest Products Accident Prevention Association	953	898
Farm Safety Association, Inc.	534	515
Hospital Accident Prevention Association	793	557
Industrial Accident Prevention Association	9,505	7,527
Mines Accident Prevention Association of Ontario	1,000	804
Ontario Pulp & Paper Makers Safety Association	387	329
Transportation Safety Association of Ontario	854	771
	21,470	17,978

WORKMEN'S COMPENSATION BOARD

Schedule 1 Accident Fund
Administration Expenses
year ended December 31, 1981

	1981 $000's	1980 $000's
Salaries and employees' benefits	67,171	55,636
Travel and vehicle maintenance	2,148	2,220
Supplies and services	2,370	2,077
Equipment rentals and maintenance	5,391	4,485
Depreciation of equipment	1,328	1,566
Occupancy costs—net	3,220	3,070
Security services and insurance	420	278
Data processing costs	452	442
Communications and publications	4,549	3,972
Chest examining station costs	710	574
Credit reports and legal expenses	381	522
Professional fees and services	500	243
Miscellaneous	1,555	1,400
	90,195	76,485
Less: Administration expenses charged to:		
Investment income	418	353
Hospital and rehabilitation centre	100	100
Medical and rehabilitation services	14,687	11,977
Schedule 2	7,939	7,437
	23,144	19,867
Net charged to statement of income, expenses and unfunded liability Schedule 1 Accident Fund	67,051	56,618

ALGONQUIN FORESTRY AUTHORITY

(Incorporated without share capital under the Algonquin Forestry Authority Act)

Balance Sheet
as at March 31, 1982

Assets	1982 $	1981 $
Current		
Cash	11,347	–
Short term investments	–	100,000
Accounts receivable	398,023	391,863
Inventory	22,227	25,862
Prepaid expenses	1,269	3,382
	432,866	521,107
Fixed (note 2)	250,815	231,883
Deferred charges	135,733	143,274
	819,414	896,264

Liabilities and Surplus

	1982 $	1981 $
Current Liabilities		
Cheques issued in excess of funds on deposit	–	5,854
Accounts payable and accrued liabilities	214,287	216,495
Contractors' performance holdbacks	127,476	112,535
	341,763	334,884
Surplus	477,651	561,380
	819,414	896,264

See accompanying notes to financial statements.

On behalf of the Board:

V. J. Nordin

Director

Director

ALGONQUIN FORESTRY AUTHORITY

Statement of Revenue and Expenditure
for the year ended March 31, 1982

	1982 $	1981 $
Revenue		
Product sales	7,649,657	7,161,329
Standing timber sales	570,439	559,892
Other	15,635	6,146
Silvicultural reforestation revenue	—	14,061
	8,235,731	7,741,428
Expenditure		
Operating—direct		
Logging and distribution costs	6,375,851	5,791,448
Crown timber stumpage charges	971,979	991,310
Scaling	33,590	—
Road maintenance	30,415	25,624
Operations planning	12,102	43,536
Area charges	6,381	6,933
Silvicultural reforestation expense	—	15,531
	7,430,318	6,874,382
Gross income	805,413	867,046
Administrative—indirect operating and other		
Salaries and benefits	524,528	492,296
Interest (note 3)	91,687	57,888
Depreciation and amortization	66,342	57,042
Bad debt expense	46,000	—
Vehicle operating	43,213	43,337
Office rent (note 4)	27,862	23,084
Office supplies and expenses	27,856	29,643
Directors' allowances and expenses	20,466	21,657
Public relations	12,955	7,821
Staff travel	9,433	8,435
Insurance	7,231	7,202
Technical supplies	6,154	8,131
Staff recruitment and relocation	—	5,081
Legal	3,105	385
Staff training	2,310	2,027
	889,142	764,029
Net income (loss) for the year	(83,729)	103,017

Statement of Surplus
for the year ended March 31, 1982

	1982 $	1981 $
Surplus, beginning of year	561,380	458,363
Net income for the year	(83,729)	103,017
Surplus, end of year	477,651	561,380

See accompanying notes to financial statements.

ALGONQUIN FORESTRY AUTHORITY

Statement of Changes in Financial Position
for the year ended March 31, 1982

	1982 $	1981 $
Source of working capital		
Net income for the year	–	103,017
Add item not requiring outlay of working capital – depreciation and amortization	66,342	57,042
	66,342	160,059
Proceeds from disposal of fixed assets	4,225	2,646
	70,567	162,705
Use of working capital		
Net loss for the year	83,729	–
Purchase of fixed assets	81,958	52,477
Deferred charges	–	19,611
	165,687	72,088
Increase (decrease) in working capital	(95,120)	90,617
Working capital, beginning of year	186,223	95,606
Working capital, end of year	91,103	186,223

See accompanying notes to financial statements.

ALGONQUIN FORESTRY AUTHORITY

Notes to Financial Statements
March 31, 1982

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Inventory

Inventory is stated at the lower of cost and net realizable value.

(b) Depreciation and amortization of fixed assets

Depreciation is provided for on the straight line method, generally using rates of 10 per cent per annum for furniture, fixtures, technical equipment, buildings and structures and 33⅓ per cent per annum for automotive equipment. The cost of capital roads is amortized over the estimated number of operating seasons for which the roads are to be used, with a maximum amortization period of ten years.

(c) Deferred charges

Certain costs incurred in developing a comprehensive forest management plan for the period April 1, 1980 to March 31, 2000 are being amortized on a straight line basis over 20 years.

ALGONQUIN FORESTRY AUTHORITY

Notes to Financial Statements — Concluded
March 31, 1982

2. FIXED ASSETS

Fixed assets in service are stated at cost and consist of:

	1982		1981	
	Cost	Accumulated Depreciation and Amortization	Cost	Accumulated Depreciation and Amortization
	$	$	$	$
Furniture and fixtures	34,751	12,960	27,158	12,646
Technical equipment	6,518	3,106	5,899	2,465
Automotive equipment	82,733	51,764	69,000	40,250
Buildings and structures	13,461	5,948	13,461	4,602
Capital roads	361,027	173,897	319,346	143,018
	498,490	247,675	434,864	202,981
	247,675		202,981	
	250,815		231,883	

3. INTEREST

Throughout the year and especially during the first few months of the logging season, the Authority borrows funds from the Ministry of Natural Resources to meet its immediate cash flow needs. The Authority pays interest on funds borrowed.

4. COMMITMENTS

The Authority rents premises under two leases which expire on November 30, 1982 and February 29, 1984. The current annual rent under these leases is $4,300 and $21,300 respectively.

5. COMPARATIVE FIGURES

Comparative figures for 1981 have been reclassified where necessary to conform with 1982 presentation.

To the Members, Algonquin Forestry Authority, and
to the Minister of Natural Resources.

I have examined the balance sheet of the Algonquin Forestry Authority as at March 31, 1982 and the statements of revenue and expenditure, surplus, and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Authority as at March 31, 1982 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

In accordance with section 18 of the Algonquin Forestry Authority Act, a report on the audit has been made to the Authority and to the Minister.

D F Archer

Toronto, Ontario,
June 28, 1982.

D. F. Archer, F.C.A.,
Provincial Auditor.

THE NIAGARA

Balance
as at October

ASSETS

	1981 $	1980 $
Current		
Cash	6,175,573	3,610,121
Accounts receivable		
Ontario Hydro	354,064	277,083
Sundry	262,433	323,111
Inventories – note 1(a)		
Saleable merchandise	1,882,032	1,393,914
Maintenance and other supplies	174,070	139,340
Prepaid expenses	24,910	106,867
	8,873,082	5,850,436
Investment of Funds for Future Capital Program – note 3	4,700,000	4,450,000
Fixed – notes 1(b), 2 and 4		
Land	4,720,601	4,720,601
Buildings, roadways and structures	20,821,260	19,335,746
Equipment and furnishings	3,388,454	2,905,577
Automobiles and trucks	684,501	668,512
	29,614,816	27,630,436
Accumulated depreciation	10,836,360	10,027,964
	18,778,456	17,602,472
Capital works in progress	812,851	212,873
	19,591,307	17,815,345
	33,164,389	28,115,781

See accompanying notes to financial statements.

On behalf of the Commission:

James N Allan
Chairman

Member

STATEMENT 1

PARKS COMMISSION

Sheet
31, 1981

LIABILITIES

	1981 $	1980 $
Current		
Accounts payable	1,118,607	807,105
Accrued payroll	234,929	375,149
	1,353,536	1,182,254
Long-term Indebtedness		
Mortgage payable — note 4	30,000	32,000
EQUITY		
Equity (Statement 2)	31,780,853	26,901,527
	33,164,389	28,115,781

To The Niagara Parks Commission and
to the Minister of Natural Resources.

I have examined the balance sheet of The Niagara Parks Commission as at October 31, 1981 and the statements of income and expenditure, equity and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commision as at October 31, 1981 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Commission and to the Minister.

D. F. Archer

Toronto, Ontario,
January 21, 1982.

D. F. Archer, F.C.A.,
Provincial Auditor.

STATEMENT 2

THE NIAGARA PARKS COMMISSION

Statement of Equity
for the year ended October 31, 1981

	1981 $	1980 $
Equity, beginning of year	26,901,527	23,006,808
Excess of income over expenditure for the year (Statement 3)	4,879,326	3,894,719
Equity, end of year	31,780,853	26,901,527

STATEMENT 3

Statement of Income and Expenditure
for the year ended October 31, 1981

	1981 $	1980 $
Water rentals	2,649,877	2,365,066
Privileges, tolls and fees	529,375	495,159
Net income from gift shops, restaurants and attractions, exclusive of any portion of the administrative overhead of the Commission (Schedule 5)	7,215,330	6,286,579
Sundry income	39,133	39,315
Profit on disposal of fixed assets—net	12,053	33,422
Premium on United States funds—net	116,396	96,687
Interest on bank deposits	1,069,936	555,796
	11,632,100	9,872,024
Expenditure		
Maintenance expenses (Schedule 6)	4,781,100	4,299,078
Administrative and general expenses (Schedule 7)	1,247,703	1,046,522
Advertising and public relations	242,978	162,114
Bank loan and mortgage interest	15,851	24,454
	6,287,632	5,532,168
Excess of income over expenditure for the year before depreciation on non-income producing assets	5,344,468	4,339,856
Depreciation of non-income producing assets	465,142	445,137
Excess of income over expenditure for the year	4,879,326	3,894,719

See accompanying notes to financial statements.

STATEMENT 4

THE NIAGARA PARKS COMMISSION

Statement of Changes in Financial Position
for the year ended October 31, 1981

	1981 $	1980 $
Funds were provided by:		
Operations		
Excess of income over expenditure for the year	4,879,326	3,894,719
Charge against income not requiring an outlay of funds – depreciation	966,876	879,798
Profit on disposal of fixed assets – net	(12,053)	(33,422)
	5,834,149	4,741,095
Sale of fixed assets	34,851	115,456
Current portion of mortgage reclassified		2,000
	5,869,000	4,858,551
Funds were used for:		
Purchase of fixed assets and capital works in progress	2,765,636	2,054,423
Payments on long-term indebtedness		
Mortgage payable	2,000	2,000
Investment of funds for future capital program	250,000	1,493,999
	3,017,636	3,550,422
Increase in working capital	2,851,364	1,308,129
Working capital, beginning of year	4,668,182	3,360,053
Working capital, end of year	7,519,546	4,668,182

See accompanying notes to financial statements.

SCHEDULE 5

THE NIAGARA PARKS COMMISSION

Gift Shops, Restaurants and Attractions

Schedule of Income and Expenditure for the year ended October 31, 1981

	1981 $	1980 $
Income		
Souvenirs, china and post cards	8,866,995	7,739,126
Food and refreshments	5,872,598	4,905,685
Beer, liquor and wine	799,307	706,042
Confectionery and tobacco	294,453	284,884
Fares, admissions and rentals	4,406,662	3,948,940
Sundry	429,301	348,901
	20,669,316	17,933,578
Cost of Goods Sold		
Souvenirs, china and post cards	4,181,727	3,696,691
Food and refreshments	1,656,737	1,403,668
Beer, liquor and wine	236,260	203,098
Confectionery and tobacco	165,982	140,447
Sundry	232,687	210,360
	6,473,393	5,654,264
Gross Profit	14,195,923	12,279,314
Operating Expenditure		
Salaries and wages	3,651,871	3,103,545
Employee benefits	298,572	249,531
Fuel, power, water and laundry	356,617	320,459
General expenses	707,295	591,437
Maintenance of buildings, equipment and golf courses	943,531	845,284
Grants in lieu of municipal taxes	231,445	208,622
Warehouse expense	307,054	254,031
	6,496,385	5,572,909
Net income before depreciation	7,699,538	6,706,405
Depreciaton of buildings and equipment	484,208	419,826
Net income exclusive of any portion of the administrative overhead of the Commission	7,215,330	6,286,579

See accompanying notes to financial statements.

SCHEDULE 6

THE NIAGARA PARKS COMMISSION

Schedule of Maintenance Expenses
for the year ended October 31, 1981

	1981 $	1980 $
Maintenance of Grounds and Facilities		
Niagara-on-the-Lake to Queenston	164,434	150,710
Queenston Heights Park	213,706	157,985
Queenston to Niagara Falls	358,071	303,944
Queen Victoria Park	1,249,528	1,048,907
Queen Victoria Park to Black Creek	120,696	127,125
Black Creek to Fort Erie	129,676	138,966
Town of Fort Erie	149,442	145,690
Stoney Creek Park	43,899	44,885
	2,429,452	2,118,212
Undistributed Maintenance Costs		
Horticulture Department		
School of Horticulture	373,094	353,028
Greenhouse	146,743	124,254
Tree department	46,473	53,279
Other expenses	359,398	323,421
Trucks and automobiles	34,911	17,356
Service yards	135,454	106,649
	1,096,073	977,987
Engineering Department		
Equipment	25,433	26,244
Other expenses	578,145	589,490
	603,578	615,734
Police Department		
Salaries	510,063	454,942
Automobiles, employee benefits, uiniforms and miscellaneous	141,934	132,203
	651,997	587,145
	4,781,100	4,299,078

See accompanying notes to financial statements.

SCHEDULE 7

THE NIAGARA PARKS COMMISSION

Schedule of Administrative and General Expenses
for the year ended October 31, 1981

	1981 $	1980 $
Administrative Expenses		
Administrative and office salaries	723,459	618,795
Commissioners' expenses	6,493	6,809
Office expense	54,692	51,345
Telephone	26,701	23,975
Travel expense	8,103	6,102
Employee benefits—net	183,073	117,434
	1,002,521	824,460
General Expenses		
Insurance—net	56,814	63,707
Legal fees	20,220	39,235
Audit fees	19,175	18,975
Pension and injury awards	20,172	14,914
Grants in lieu of municipal taxes—net	15,711	15,009
General expense	76,148	35,127
Special grants	36,942	35,095
	245,182	222,062
	1,247,703	1,046,522

See accompanying notes to financial statements.

Notes to Financial Statements
for the year ended October 31, 1981

1. SIGNIFICANT ACCOUNTING POLICIES
   (a) Inventories
   Inventories are valued at the lower of cost and net realizable value.
   (b) Fixed assets
   All fixed assets are recorded at cost. Depreciation has been recorded on the straight-line method, using rates from 2 to 20 per cent for buildings, roadways and structures, from 10 to 50 per cent for equipment and furnishings and from 15 to 40 per cent for automobiles and trucks.

2. FIXED ASSETS

	1981		
	Cost $	Accumulated Depreciation $	Net Book Value $
Land	4,720,601		4,720,601
Buildings, roadways and structures	20,821,260	8,298,107	12,523,153
Equipment and furnishings	3,388,454	2,029,741	1,358,713
Automobiles and trucks	684,501	508,512	175,989
	29,614,816	10,836,360	18,778,456

	1980		
	Cost $	Accumulated Depreciation $	Net Book Value $
Land	4,720,601		4,720,601
Buildings, roadways and structures	19,335,746	7,725,124	11,610,622
Equipment and furnishings	2,905,577	1,838,837	1,066,740
Automobiles and trucks	668,512	464,003	204,509
	27,630,436	10,027,964	17,602,472

THE NIAGARA PARKS COMMISSION

Notes to Financial Statements – Continued
for the year ended October 31, 1981

3. CAPITAL PROGRAM

The Commission has commenced initial work in connection with the development of a parking area and transit system to alleviate traffic problems in Queen Victoria Park. The total cost of this program, which will extend over a period of years is estimated to be $10,000,000. As at October 31, 1981 $1,308,921 has been expended on the program (October 31, 1980 – $1,307,722). The Commission has earmarked $4,700,000 which has been invested for eventual use toward this capital program (October 31, 1980 – $4,450,000). The funds are invested in short term bank deposits, however the annual allocation, if any, is determined independently of the interest earned.

4. MORTGAGE PAYABLE

The mortgage payable bears interest at 5¾% and requires annual principal payments of $2,000 until March 1, 1996. The mortgage is secured by land with a carrying value of $70,000.

5. CONTINGENT LIABILITY

There is a claim pending before the Land Compensation Board for compensation for lands expropriated by the Commission. The amount of such compensation cannot be determined at this time. The amount finally determined, if any, will be charged against income in the year of resolution.

6. TRUST FUNDS

The Commission administers trust funds for the perpetual care of a cemetery plot at Drummond Hill Cemetery. As at October 31, 1981 these funds totalled $4,631 (October 31, 1980 – $4,008). These funds are not included in the financial statements.

7. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform to the 1981 presentation.

ONTARIO NORTHLAND

Consolidated
as at December

ASSETS

	1981 $	1980 $
Current Assets		
Cash and short term investments	17,068,082	9,853,396
Marketable securities at lower of cost and market	272,830	324,525
Accounts receivable	15,286,844	10,929,909
Materials and supplies (note 1b)	4,412,327	3,934,496
Prepaid expenses (note 1f)	122,692	121,647
	37,162,775	25,163,973
Long Term Investments – at cost		
Government Bonds (Market value $7,161,000; 1980 – $3,800,000)	7,609,379	4,052,974
Other Assets – at cost		
Insurance and other funds (Market value $574,900: 1980 – $470,000) (note 1e)	669,316	520,626
Bus Franchises	297,679	297,679
Investment in Telesat Canada	150,000	150,000
	1,116,995	968,305
Investment in Property – at cost less accumulated depreciation		
(Schedule 1 and note 1c)	135,083,504	130,253,131
	180,972,653	160,438,383

See accompanying schedules and notes to financial statements.

Approved on behalf of the Commission:

Commissioner

General Manager

TRANSPORTATION COMMISSION

Balance Sheet
31,1981

LIABILITIES AND EQUITY

	1981 $	1980 $
Current Liabilities		
Accounts payable and accrued charges	21,418,233	18,286,219
Reserves		
Insurance and other funds	669,316	520,626
Long Term Debt		
Note due 2003 (note 6)	37,500,000	37,500,000
Loan from Province of Ontario non-interest bearing	35,207,935	35,207,935
Debenture (note 5)	1,937,500	2,062,500
Obligation under capital lease (note 4)	524,990	658,321
	75,170,425	75,428,756
Province of Ontario Equity		
Contributed surplus	15,482,503	13,922,319
Retained income	68,232,176	52,280,463
	83,714,679	66,202,782
	180,972,653	160,438,383

To the Ontario Northland Transportation Commission and
to the Minister of Northern Affairs.

I have examined the consolidated balance sheet of the Ontario Northland Transportation Commission as at December 31, 1981 and the consolidated statements of income, retained income, contributed surplus and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these consolidated financial statements present fairly the financial position of the Commission as at December 31, 1981 and the results of its operations and the changes in its financial position for the year then ended in accordance with the basis of accounting described in Note 1, applied on a basis consistent with that of the preceding year.

A report on the audit, completed in accordance with section 39 of the Ontario Northland Transportation Commission Act, has been made to the Commission and to the Minister of Northern Affairs.

D.F. Archer

Toronto, Ontario,
April 2, 1982.

D. F. Archer, F.C.A.,
Provincial Auditor.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Consolidated Statement of Income
for the year ended December 31, 1981

	1981 $	1980 $
Operating Revenues		
— Commercial (Schedule 3)	79,376,367	67,028,577
— Non Commercial (Schedule 4)	12,690,782	11,784,040
Total Operating Revenues	92,067,149	78,812,617
Operating Expenditures		
— Commercial (Schedule 3)	65,008,929	56,942,699
— Non Commercial (Schedule 4)	29,061,087	27,047,470
Total Operating Expenditures	94,070,016	83,990,169
Loss on Operations	2,002,867	5,177,552
Government Reimbursement (Schedule 2)	19,119,455	16,801,430
	17,116,588	11,623,878
Interest Income (Expense)		
Interest on Debenture and Note	(3,580,546)	(3,665,446)
Interest Earned on Investments	2,467,366	1,356,116
Net Interest	(1,113,180)	(2,309,330)
	16,003,408	9,314,548
Reduction of Marketable Securities to Market Value	(51,695)	(28,175)
Net Income before extraordinary item	15,951,713	9,286,373
Write-off of Franchises (note 2)	—	(656,754)
Net Income for the Year	15,951,713	8,629,619

See accompanying schedules and notes to financial statements.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Consolidated Statement of Retained Income for the year ended December 31, 1981

	1981	1980
	$	$
Balance, beginning of year	52,280,463	43,650,844
Add net income for the year	15,951,713	8,629,619
Balance, end of year	68,232,176	52,280,463

Consolidated Statement of Contributed Surplus for the year ended December 31, 1981

	1981	1980
	$	$
Balance, beginning of year	13,922,319	13,747,356
Add: — norOntair aircraft and associated equipment	1,518,069	1,120,946
— Capital expenditures of The Owen Sound Transportation Company, Limited	1,281,735	41,029
	16,722,123	14,909,331
Less: depreciation charges for the year	1,239,620	987,012
Balance, end of year	15,482,503	13,922,319

See accompanying schedules and notes to financial statements.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Consolidated Statement of Changes in Financial Position
for the year ended December 31, 1981

	1981 $	1980 $
Source of working capital		
Net income for the year before extraordinary item	15,951,713	9,286,373
Add items not requiring an outlay of working capital		
– depreciation expense	5,919,988	4,692,052
– other items (net)	(27,405)	7,026
Working capital provided from operations	21,844,296	13,985,451
Proceeds on disposal of property	718,452	548,803
Reimbursement of capital expenditures by Province of Ontario	2,799,804	1,161,975
	25,362,552	15,696,229
Use of working capital		
Addition to investment in property	12,708,433	12,602,551
Purchase of bonds	3,529,000	4,060,000
Reduction of debenture	125,000	125,000
Reduction of obligation under capital lease	133,331	113,165
	16,495,764	16,900,716
Increase (decrease) in working capital	8,866,788	(1,204,487)
Working capital, beginning of year	6,877,754	8,082,241
Working capital, end of year	15,744,542	6,877,754

Changes in Working Capital

	1981	1980
Current assets – increase (decrease)		
Cash	7,214,686	723,599
Marketable securities	(51,695)	(28,175)
Accounts receivable	4,356,935	1,017,304
Materials and supplies	477,831	605,539
Prepaid expenses	1,045	(7,700)
	11,998,802	2,310,567
Current liabilities – (increase)		
Accounts payable and accrued charges	(3,132,014)	(3,515,054)
Increase (decrease) in working capital	8,866,788	(1,204,487)

See accompanying schedules and notes to financial statements.

Schedule 1

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Schedule of Investment in Property as at December 31, 1981

	1981 $	1980 $
Rail – Roadway	83,184,650	79,517,287
– Buildings	13,915,904	13,595,000
– Equipment	31,987,531	32,089,017
Telecommunications	41,897,941	39,605,573
Buses	2,342,689	1,834,255
Boat	927,413	927,413
norOntair aircraft	7,826,741	6,314,295
Remote North power and communications	210,889	210,889
Star Transfer Limited – vehicles	3,947,693	4,065,365
– other	5,050,905	5,044,702
The Owen Sound Transportation Company, Limited – vessel	9,515,420	8,269,820
– other	208,871	172,735
Gross investment in property	201,016,647	191,646,351
Less accumulated depreciation	68,986,300	64,459,776
Net investment in property	132,030,347	127,186,575
Under construction	3,053,157	3,066,556
	135,083,504	130,253,131

Schedule 2

Schedule of Government Reimbursement for the year ended December 31, 1981

	1981 $	1980 $
From Province of Ontario		
Cochrane – Moosonee branch line	6,489,200	5,568,741
Main line passenger train	5,241,400	4,610,043
Northlander	4,353,714	4,020,513
Northlander locomotives modification	–	829,579
Remote North power and communications	272,540	258,358
Air services — norOntair (note 9)	1,344,227	1,425,128
Moosonee ferry	65,490	91,236
	17,766,571	16,803,598
The Owen Sound Transportation Company, Limited (profit) loss	149,760	(333,579)
Total Provincial reimbursement	17,916,331	16,470,019
From Government of Canada (note 1g)		
Rail passenger – prior years	1,203,124	–
Northlander – 1980	–	331,411
Total Federal reimbursement	1,203,124	331,411
Total Government reimbursement	19,119,455	16,801,430

See accompanying schedules and notes to financial statements.

Schedule 3

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Schedule of Commercial Operations for the year ended December 31, 1981

	1981 $	1980 $
Rail Freight Services		
Revenue	41,572,076	35,365,220
Expenditures	33,372,423	29,265,312
Income from operations	8,199,653	6,099,908
Express Services		
Revenue	1,307,757	1,184,616
Expenditures	1,686,515	1,583,778
Loss from operations	(378,758)	(399,162)
Telecommunications (notes 1c and 1h)		
Revenue	23,973,306	19,388,235
Expenditures	17,262,706	14,300,502
Income from operations	6,710,600	5,087,733
Bus Services		
Revenue	3,407,883	3,161,279
Expenditures	3,215,132	3,353,339
Income (loss) from operations	192,751	(192,060)
Transport Services		
Revenue	8,813,873	7,616,486
Expenditures	9,094,280	8,040,707
Loss from operations	(280,407)	(424,221)
Marine Services (North Bay)		
Revenue	184,094	203,623
Expenditures	284,476	310,989
Loss from operations	(100,382)	(107,366)
Tourist Facilities (Hannah Bay)		
Revenue	117,378	109,118
Expenditures	93,397	88,072
Income from operations	23,981	21,046
Total Commercial Operations		
Operating Revenues	79,376,367	67,028,577
Operating Expenditures	65,008,929	56,942,699
Income from operations	14,367,438	10,085,878

See accompanying schedules and notes to financial statements.

Schedule 4

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Schedule of Non-commercial Operations for the year ended December 31, 1981

	1981 $	1980 $
Rail Passenger Services		
Revenue	4,988,739	4,503,309
Expenditures	19,527,027	18,325,596
Loss from Operations	(14,538,288)	(13,822,287)
Government Reimbursement	17,287,438	15,360,287
Net Gain from Operations (note 8)	2,749,150	1,538,000
Air Services (norOntair)		
Revenue	4,424,771	3,947,286
Expenditures (note 9)	5,768,998	5,372,414
Loss from Operations	(1,344,227)	(1,425,128)
Government Reimbursement	1,344,227	1,425,128
	—	—
Marine Services (Owen Sound)		
Revenue	3,117,916	3,190,502
Expenditures	3,267,676	2,856,923
Income (loss) from Operations	(149,760)	333,579
(Returned to) or reimbursed by Province of Ontario	149,760	(333,579)
	—	—
Marine Services (Moosonee)		
Revenue	30,166	35,660
Expenditures	95,656	126,896
Loss from Operations	(65,490)	(91,236)
Government Reimbursement	65,490	91,236
	—	—
Remote North – Communications		
Revenue	14,284	10,311
Expenditures	230,973	227,109
Loss from Operations	(216,689)	(216,798)
Government Reimbursement	216,689	216,798
	—	—
Remote North – Power		
Revenue	114,906	96,972
Expenditures	170,757	138,532
Loss from Operations	(55,851)	(41,560)
Government Reimbursement	55,851	41,560
	—	—
Total Non-Commercial Operations		
Operating Revenues	12,690,782	11,784,040
Operating Expenditures	29,061,087	27,047,470
Loss from Operations	(16,370,305)	(15,263,430)
Government Reimbursement	19,119,455	16,801,430

See accompanying schedules and notes to financial statements.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Notes to Consolidated Financial Statements
December 31, 1981

1. Significant Accounting Policies

(a) Basis of consolidation

The consolidated financial statements include the accounts of the Commission and its wholly-owned subsidiaries, Star Transfer Limited and The Owen Sound Transportation Company, Limited.

(b) Materials and supplies

With the exception of used rail, all materials and supplies are shown at cost. Used rail is shown at estimated utility value.

(c) Investment in property and depreciation

Fixed assets are stated at acquisition cost with the exception of office furniture and equipment, which is charged to operations in the year of purchase.

Depreciation is calculated on a straight-line basis over the estimated service lives of the assets with the exception of highway equipment which is depreciated at thirty per cent per annum on the diminishing balance basis. Depreciation generally is based on asset balances at the beginning of the year.

The rates used for railway properties are as authorized by the Canadian Transport Commission.

Effective January 1, 1981, the depreciation rate for telecommunications equipment has been increased to 6.67 per cent from 3.33 per cent. This had the effect of increasing the 1981 depreciation charge to Telecommunications operations by $1,135,632, Railway operations by $1,752 and to Contributed Surplus for the Moosonee-Attawapiskat Microwave System by $101,196.

The estimated service lives used for principal categories of assets are as follows:

Road — main line and branches	20 to 200 years
Railway diesel locomotives	25 years
Railway freight cars	33 years
Vessel	33 years
Aircraft	10 years
Barges	20 years

Three aircraft and the vessel M.S. Chi-Cheemaun, originally acquired and owned by the Ontario Ministry of Transportation and Communications were transferred to the Commission and The Owen Sound Transportation Company, Limited, respectively during 1975. Accordingly, these fixed assets have been recorded at their original cost as incurred by the Ministry together with offsetting credits to Contributed Surplus. Additionally, reimbursements by the Province of Ontario of the costs of certain fixed assets initially purchased by the Commission and The Owen Sound Transportation Company, Limited, are credited to Contributed Surplus. Annual depreciation charges on these fixed assets, including the aircraft and the vessel, are recorded as a reduction to Contributed Surplus.

(d) Income taxes

As Crown Corporations of the Province of Ontario, the Commission and its wholly-owned subsidiaries are exempt from income taxes and accordingly no provision is reflected in operations.

(e) Self-insurance

The Commission follows the policy of self-insuring for damages from rolling stock derailments and cargo damage.

(f) Personal injuries

The Commission pays for injuries to its employees on a cash basis as accounts are received from the Workmen's Compensation Board. A deposit of $50,000 (1980 — $20,000) is held by the Workmen's Compensation Board of Ontario for this purpose. No provision is made for future ongoing liabilities.

(g) Federal reimbursement

Federal Government reimbursement is accounted for on the cash basis. Effective April 1, 1980, reimbursement is made directly to the Ministry of Northern Affairs.

(h) Telecommunications revenue

Toll adjustments are accounted for on a cash basis. During 1981 the Commission received $204,232 from connecting telephone companies for toll adjustments for the years 1977 to 1980, inclusive based on a prorate study.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Notes to Consolidated Financial Statements – Continued
December 31, 1981

In 1980 the Commission paid $724,016 to connecting telephone companies for toll adjustments for the years 1974 to 1979 inclusive.

2. Write-off of Franchises

Franchises written off consist of:

	1980 $
Truck Franchise – acquired 1967	187,760
Transport Franchise – acquired 1960	254,356
Marine Franchise – acquired 1973	214,638
	656,754

3. Contributory Pension Fund

Based on the December 31, 1980 actuarial review, the unfunded liability of the Commission and its wholly-owned subsidiaries under the Commission's Contributory Pension Fund totals $27,207,157. Of this amount $19,443,107 represents the initial unfunded liability as of January 1, 1965, the balance of $7,764,050 represents the balance of the unfunded liability revealed as at December 31, 1978.

The Commission and its subsidiaries are making payments of interest and principal into the fund in accordance with the Regulations under the Pension Benefits Act. These payments have the effect of:

– preventing an increase in the initial unfunded liability;

– liquidating the balance of the unfunded liability over a period ending December 31, 1993.

Payments in respect of the 1980 actuarial review commenced in 1981.

4. Lease Commitments

Under the terms of a lease agreement dated October 1, 1976, the Commission is committed to lease four Trans Europ Express-1 diesel-electric trainsets and major exchange spare components from the Urban Transportation Development Corporation Limited (UTDC). The agreement provides for a net, net lease between the Commission and UTDC for a term of sixty-three months commencing May 4, 1977. Rent paid during the current year was $1,000,000. This represented the final lease payment to UTDC. In accordance with the terms of the lease agreement, the Commission has agreed to purchase in 1982 the four trainsets for $400,000.

The Commission's subsidiary, Star Transfer Limited, acquired trailers costing $1,113,138 under a twelve month renewable capital lease agreement effective January 1, 1978 and extending to January 31, 1985. Henceforth, during the term of the lease the Company may purchase the assets at any time or may, with 90 days prior notice, terminate the lease at any renewal date.

5. Debenture

This debenture represents partial financing for the construction of the new Toronto Terminal of Star Transfer Limited, and is secured by a first mortgage on the property and buildings thereof and the general credit of the Ontario Northland Transportation Commission. The outstanding amount of the debenture is redeemable by semi-annual instalments of $62,500 payable through December 30, 1982 and a final instalment of $1,937,500 payable December 30, 1983. Interest is payable on the unredeemed balance at the rate of 10 per cent per annum payable semiannually.

6. Long Term Debt

The Treasurer of Ontario holds a 25 year, 9.325 per cent note for $37,500,000 due 2003. Terms of the note require interest to be paid semiannually with annual principal repayments to commence January 5, 1985 at 5.25 per cent of the original principal amount of the note.

The Commission is authorized to borrow up to $1,000,000 from chartered banks for working capital requirements provided such loans are not guaranteed by the Province of Ontario.

7. Contingent Liabilities

The wholly-owned subsidiary, Star Transfer Limited, is the defendant in a lawsuit for alleged breach of contract. The amount claimed totals approximately $1,300,000. Management is not able to determine the amount of loss, if any, and no provision has been made in the accounts for any possible loss.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Notes to Consolidated Financial Statements – Concluded
December 31, 1981

8. Net Gain From Non-Commercial Rail Operations

The net gain on operations of $2,749,150 (1980 – $1,538,000) represents:

(a) A return on investment of 9.325 per cent ($1,546,026; 1980 – $1,538,000) on the Commission's assets employed in providing rail passenger service. This is in accordance with the Memorandum of Understanding dated October 9, 1980 between the Commission and the Ministry of Northern Affairs.

(b) A government of Canada final reimbursement of $1,203,124 for prior years operating losses of the Swastika-Noranda passenger service not reimbursed by the Province of Ontario. This service was discontinued in October 1979.

9. Change in Accounting Policy: norOntair Overhaul Reserves

In 1981 the Commission discontinued its policy of providing a reserve for airframe and engine overhauls. This change in policy was not applied retroactively and had the effect of reducing both the current years operating expenditures and Provincial reimbursement by $682,900. In future, the cost of norOntair airframe and engine overhauls will be expensed in the year they are incurred.

10. Star Transfer Limited

Based on a recommendation by the Board of Directors, the Ministry of Northern Affairs has approved the disposal of the Company. The Board of Directors intends to call for public tenders.

11. Comparative Figures

Prior year figures have been reclassified where necessary to conform to the current year's presentation.

TORONTO AREA TRANSIT OPERATING AUTHORITY

(Incorporated without share capital under the Toronto Area Transit Operating Authority Act, 1974)

Balance Sheet as at March 31, 1982

(In thousands of dollars)

	1982	1981
ASSETS		
Current		
Cash	10,884	4,544
Accounts receivable	1,127	493
Due from the Province of Ontario	5,755	6,534
Spare parts and supplies	2,597	3,491
Prepaid expenses	263	246
	20,626	15,308
Fixed		
Land	23,899	22,218
Buildings and equipment (Note 2)	102,207	103,770
Leasehold improvements, net of accumulated amortization of $82 (1981 – $50)	718	750
Improvements to railway right of way and railway plant, net of accumulated amortization of $9,537 (1981 – $4,892)	85,117	38,404
Construction in progress		
Toronto Transportation Terminal Project (Note 3)	10,666	3,725
Milton rail project	–	31,273
Bi-level Commuter Cars	9,215	–
Other	2,980	2,967
	234,802	203,107
	255,428	218,415
LIABILITIES		
Current		
Accounts payable and accrued liabilities	18,272	12,362
Unearned revenue in respect of tickets sold and not used	546	355
	18,818	12,717
EQUITY		
Province of Ontario	236,610	205,698
	255,428	218,415

On behalf of the Members:

L.H. . . . . . Chairman

. . . . . . Member

See accompanying notes to financial statements.

TORONTO AREA TRANSIT OPERATING AUTHORITY

Statement of Equity
for the year ended March 31, 1982

(In thousands of dollars)

	1982	1981
Equity at beginning of year	205,698	176,975
Capital contribution from the Province of Ontario	44,651	38,471
	250,349	215,446
Amortization of capital contributions	13,739	9,748
Equity at end of year	236,610	205,698

Statement of Operations
for the year ended March 31, 1982

(In thousands of dollars)

	1982	1981
Revenue		
Commuter services	32,621	26,528
Other	3,243	2,697
	35,864	29,225
Expenses (Note 5)		
Train and bus operations	52,628	40,553
Terminals and plant	23,790	19,888
General and adminstration	11,181	8,580
	87,599	69,021
Loss from operations	51,735	39,796
Operating subsidy from the Province of Ontario including amortization of capital contributions of $13,739 (1981 – $9,748)	51,735	39,796
Net income for the year	—	—

See accompanying notes to financial statements.

TORONTO AREA TRANSIT OPERATING AUTHORITY

Statement of Changes in Financial Position for the year ended March 31, 1982

(In thousands of dollars)

	1982	1981
Source of funds		
Capital contributions and operating subsidies from the Province of Ontario	82,648	68,519
Proceeds on disposal of fixed assets	—	17
	82,648	68,536
Application of funds		
Loss from operations	51,735	39,796
Less items not requiring an outlay of funds		
Depreciation	(7,945)	(7,559)
Amortization of improvements to railway right of way and to railway plant	(4,702)	(2,157)
Amortization of leasehold improvements	(32)	(32)
	39,056	30,048
Capital expenditures		
Land, buildings and equipment	8,124	8,334
Leasehold improvements	—	445
Improvements to railway right of way and to railway plant	14,596	9,345
Construction in progress		
Toronto Transportation Terminal Project	6,941	1,115
Milton Rail Project	3,748	18,093
Bi-level Commuter Cars	9,215	—
Other	1,751	1,021
	44,375	38,353
	83,431	68,401
(Decrease) increase in working capital	(783)	135

See accompanying notes to financial statements.

Notes to Financial Statements for the year ended March 31, 1982

(In thousands of dollars)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General

The financial statements are prepared on the accrual basis using generally accepted accounting principles.

(b) Spare parts and supplies

Spare parts and supplies are valued at the lower of cost and replacement cost. Cost in respect of items acquired from the Ministry of Transportation and Communications on April 1, 1975, was determined as replacement cost as at that date. The Authority uses the first-in, first-out method to record transfers from spare parts and supplies.

(c) Fixed assets

Fixed assets are valued at cost. Cost in respect of assets acquired from the Ministry of Transportation and Communications on April 1, 1975, was determined as replacement cost as at that date, less depreciation calculated on the replacement values on a straight-line basis.

TORONTO AREA TRANSIT OPERATING AUTHORITY

Notes to Financial Statements – Continued

(In thousands of dollars)

The Authority provides for the depreciation and amortization of the various classes of assets over their respective estimated useful lives, employing the following annual rates on the straight-line basis:

Buildings and equipment	
Buildings	Varying rates between 5% and 20%
Locomotive and auxiliary power control units	4%
Rail rolling stock	4%
Buses	Varying rates between 8% and 14%
Parking lots	5%
Sundry	Varying rates between 5% and 25%
Improvements to railway right of way and to railway plant	Varying rates between 5% and 33%
Leasehold improvements	5%

When assets are sold or otherwise disposed of, the related asset values and accumulated depreciation are removed from the respective accounts. Gains or losses on disposition are recorded in the statement of operations.

(d) Commuter services revenue

Revenue is recognized when the transportation service is provided. Unearned amounts are treated as current liabilities.

(e) Subsidies

Operating subsidies paid by the Province of Ontario are treated as reductions of operating losses. Capital contributions from the Province of Ontario are included in equity and are amortized to income over the useful life of the related asset.

2. BUILDINGS AND EQUIPMENT

	1982			1981
	Cost	Accumulated depreciation	Net book value	Net book value
Buildings	26,792	4,553	22,239	23,284
Locomotive and auxiliary power control units	14,678	6,563	8,115	7,912
Other railway rolling stock	72,650	17,368	55,282	58,500
Buses	18,696	7,203	11,493	9,030
Parking lots	4,147	909	3,238	3,294
Sundry	2,755	915	1,840	1,750
	139,718	37,511	102,207	103,770

3. TORONTO TRANSPORTATION TERMINAL PROJECT

The Toronto Transportation Terminal Project initially involved the Province of Ontario, the Authority, the Government of Canada, the Canadian National Railway, Canadian Pacific Limited and the Toronto Terminals Railway Company. As the parties could not reach agreement on a satisfactory cost sharing arrangement for the capital costs of the project, work is proceeding at the Authority's expense on a modified program which provides only for the immediate needs of GO Transit services.

4. OPERATING AGREEMENTS

The services provided by the Authority are operated by outside parties using vehicles and rolling stock owned by the Authority. These services are governed by the following agreements:

Party	*Period of Agreement*
Canadian National Railway	June 1, 1977 to May 31, 1987
Gray Coach Lines	Expired December 31, 1981, renewal under negotiation
Travelways Maple Leaf Limited	October 26, 1980 to October 29, 1983
Charterways Transportation Limited	December 2, 1980 to December 1, 1982
Canadian Pacific Limited	October 26, 1981 to October 25, 1991

TORONTO AREA TRANSIT OPERATING AUTHORITY

Notes to Financial Statements — Continued

(In thousands of dollars)

5. EXPENSES

The details of expenses are as follows:

	1982	1981
Salaries, wages and fringe benefits	10,336	7,087
Payments to outside parties for operation of services	34,175	31,432
Fuel and oil	8,048	5,066
Other expenses	12,971	8,851
Total operating expenses before the undernoted items	65,530	52,436
Leases, rentals and user charges	8,330	6,837
Depreciation and amortization	13,739	9,748
Total expenses	87,599	69,021

Of the total expenses above, $65,530 (1981 – $52,436) is recognized as recoverable, in part, from passengers. The target amount to be ultimately recovered from passengers has been established as 65% of the recoverable expenses. In 1982, total revenue amounted to $35,864 (1981 – $29,225) and represents a recovery of 54.7%, (1981 – 55.7%) of the recoverable expenses.

6. LEASE COMMITMENTS

Long-term leases in effect at March 31, 1982 expire in varying periods from one to seventeen years and require the following minimum annual rental payments over the next five years:

1982-1983	$845
1983-1984	573
1984-1985	538
1985-1986	322
1986-1987	291

7. CAPITAL COMMITMENTS

The nature and amount of capital commitments undertaken by the Authority, net of payments made to March 31, 1982, are outlined below:

Agreement for improvements to the rail right of way on the Streetsville/Milton corridor	$ 3,724
Agreement for the development of the Toronto Transportation Terminal Project as mentioned in Note 3	23,050
71 Bi-level Commuter Cars for delivery 1983-1984	70,645

8. PENSIONS

The Authority provides pension benefits for its employees through participation in the Public Service Superannuation Fund established by the Province of Ontario. The Province is amortizing the unfunded liability of the plan through a series of annual payments and has charged the Authority for its share of such payments for the year.

8. COMPARATIVE FIGURES

Certain comparative figures have been changed to conform with the presentation adopted in 1982.

To the Members of the Toronto Area Transit Operating Authority and
to the Minister of Transportation and Communications.

I have examined the balance sheet of the Toronto Area Transit Operating Authority as at March 31, 1982 and the statements of equity, operations and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Authority as at March 31, 1982 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Authority and to the Minister.

D. F. Archer

Toronto, Ontario,
June 18, 1982.

D. F. Archer, F.C.A.,
Provincial Auditor.

URBAN TRANSPORTATION

Consolidated Balance Sheet
(in thousands

ASSETS	1981 $	1980 $
CURRENT ASSETS		
Cash	1,004	73
Short-term deposits and notes	27,660	2,613
Accounts receivable	8,722	3,888
Due from shareholder – Province of Ontario (note 10)	13,595	1,550
Prepaid expenses	107	198
	51,088	8,322
DEFERRED CONTRACT COSTS	1,774	33,460
FIXED ASSETS (note 3)	21,255	18,937
DEVELOPMENT AND DESIGN COSTS (note 4)	17,332	2,863
OTHER ASSETS (note 5)	558	1,429
	92,007	65,011

Signed on behalf of the Board

E. L. Lowzek
Director

Director

DEVELOPMENT CORPORATION LTD.

as at December 31, 1981
of dollars)

LIABILITIES	1981 $	1980 $
CURRENT LIABILITIES		
Bank advances –		
Secured	–	1,793
Unsecured	–	1,206
Accounts payable and accrued liabilities	10,850	14,560
Current portion of long-term debt	300	600
	11,150	18,159
DEFERRED REVENUE (note 6)	28,973	26,594
LONG-TERM DEBT, less current portion (note 7)	1,180	300
	41,303	45,053
SHAREHOLDER'S EQUITY		
CAPITAL STOCK		
Authorized –		
20,000,000 common shares without nominal or par value		
Issued and fully paid (note 8) –		
14,240,008 (1980 – 2,000,008) common shares	35,691	5,091
RETAINED EARNINGS (DEFICIT)	918	(926)
EXCESS OF APPRAISED VALUE OF FIXED ASSETS OVER DEPRECIATED COST (note 1(c))	14,095	15,793
	50,704	19,958
	92,007	65,011

URBAN TRANSPORTATION DEVELOPMENT CORPORATION LTD.

Consolidated Statement of Earnings and Retained Earnings
for the year ended December 31,1981
(in thousands of dollars)

	1981 $	1980 $
REVENUE		
Sales (note 12)	44,211	27,337
Interest income	5,160	483
	49,371	27,820
EXPENSES		
Operating and administrative	47,712	29,243
Interest	1,513	252
	49,225	29,495
NET EARNINGS (LOSS) FOR THE YEAR	146	(1,675)
RETAINED EARNINGS (DEFICIT) – BEGINNING OF YEAR		
As previously reported	51	749
Adjustment for change in accounting policy for proposal costs (note 2)	(977)	–
As restated	(926)	749
Transfer of excess of appraised value of fixed assets over depreciated cost	1,698	–
	772	749
RETAINED EARNINGS (DEFICIT) – END OF YEAR	918	(926)

Consolidated Statement of Changes in Financial Position
for the year ended December 31,1981
(in thousands of dollars)

	1981 $	1980 $
SOURCE OF WORKING CAPITAL		
Net earnings (loss) for the year	146	(1,675)
Items not requiring an outlay of funds –		
Deferred contract costs charged against income	33,460	26,071
Deferred revenue taken into income	(26,594)	(29,288)
Amortization of development and design costs	2,863	1,591
Depreciation – test track facilities	1,698	–
Depreciation – other assets	431	1,360
Provided by operations	12,004	(1,941)
Issuance of common shares	30,600	–
Increase in deferred revenue	28,973	10,990
Increase in long-term debt	1,180	1,000
Decrease in other assets	871	1,394
	73,628	11,443
USE OF WORKING CAPITAL		
Deferred development costs	17,332	753
Additions to fixed assets	4,447	196
Deferred contract costs	1,774	19,696
Current portion of long-term debt	300	600
Purchase of specific assets of Canadair Services Limited	–	436
	23,853	21,681
INCREASE (DECREASE) IN WORKING CAPITAL	49,775	(10,238)
WORKING CAPITAL (DEFICIENCY) – BEGINNING OF YEAR	(9,837)	401
WORKING CAPITAL (DEFICIENCY) – END OF YEAR	39,938	(9,837)

URBAN TRANSPORTATION DEVELOPMENT CORPORATION LTD.

Notes to Consolidated Financial Statements
for the year ended December 31,1981

1. ACCOUNTING POLICIES

(a) Consolidation

These financial statements include the accounts of the corporation and its wholly-owned subsidiaries.

(b) Deferred contract costs

Expenditures on long-term contracts, other than those which are on a cost reimbursable basis, are deferred until such time as deliveries are made.

(c) Fixed assets

Fixed assets are recorded at cost except for the Intermediate Capacity Transit System (ICTS) – test track which is recorded at appraised value as at December 31, 1980. The vehicle control centre and test equipment have been valued at market value established by Danbury Sales (1971) Ltd. The building sub-station, guideways, rail track, site services and other components have been valued on the basis of depreciated replacement value established by A. E. Le Page (Ontario) Limited. Additions to the test track facilities subsequent to December 31, 1980 are recorded at cost.

Depreciation commences when the asset is put into service and terminates upon disposal.

Fixed assets are being depreciated by the declining balance method at the following rates per annum. The excess of appraised value of fixed assets over depreciated cost is also transferred to retained earnings using the aforementioned method and the following rates:

	Rate %
ICTS – test track	
Building	5
Vehicle Control Centre	30
Guideways	5
Sub-station	7
Test equipment	30
Other components	10
Track	10
Site services	10
Other operations	
Building	5
Automobiles	30
Furniture and office equipment	20
Equipment	30
Area services	10
Sub-station and equipment	10

Leasehold improvements are being amortized over the term of the lease plus one renewal period.

(d) Development and design costs

The corporation defers expenditures which are identified with those specific projects for which, in management's opinion, marketable products have been designed and commercial markets identified.

These costs are amortized over their estimated period of benefit commencing with significant commercial usage of related products.

(e) Patents

Patents are recorded at cost and are amortized on a straight-line basis over a period of ten years.

(f) Deferred revenue

Revenues on long-term contracts, other than those which are on a cost reimbursable basis, are deferred until such time as deliveries are made. Under the cost reimbursable portion of the Contract with the Urban Transit Authority of British Columbia (note 9(a)), the corporation recognizes as income the minimum amount of the fee under the terms of the contract. The balance will be deferred until such time as the contract is completed.

Profit taken on deliveries made as part of the light rail vehicle program is determined on a percentage-of-completion basis.

URBAN TRANSPORTATION DEVELOPMENT CORPORATION LTD.

Notes to Consolidated Financial Statements
for the year ended December 31,1981

(g) Translation of foreign currencies

Amounts receivable and payable in foreign currencies are generally covered by forward exchange contracts entered into at the time of the related transaction, and are translated at the exchange rates in those contracts. Any other amounts are translated at rates approximating those in effect at the end of the year. Translation gains and losses are included in determining net earnings in the year in which the exchange rate changes. Transactions during the year in foreign currencies are converted to Canadian dollars using the approximate rate of exchange at the date of the transactions.

2. CHANGE IN ACCOUNTING POLICY FOR PROPOSAL COSTS

During the year, the corporation changed its method of accounting for proposal costs by expensing all proposal costs as incurred. Previously, the corporation deferred contract proposal costs which were being used in the development of proposals for other prospective customers.

This change has been given retroactive effect in the accounts with the result that net earnings for the year ended December 31, 1980 and retained earnings at January 1, 1981 decreased by $977,000. If the change in the accounting policy had not been made, net earnings for 1981 would have been lower by $249,000 and deferred proposal costs would have amounted to approximately $728,000.

3. FIXED ASSETS

	1981			1980
	Carrying value (note 1(c))	Accumulated depreciation (in thousands of dollars)	Net	Net
TEST TRACK FACILITIES				
Building	1,514	76	1,438	1,461
Vehicle Control Centre	1,300	390	910	1,300
Guideways	2,421	121	2,300	2,421
Sub-station	28	6	22	28
Test equipment	200	60	140	200
Other components	7,059	703	6,356	7,059
Track	2,938	294	2,644	2,938
Site services	2,276	228	2,048	2,276
Construction in progress	1,438	—	1,438	—
	19,174	1,878	17,296	17,683

OTHER OPERATIONS

	1981			1980
	Cost	Accumulated depreciation/ amortization (in thousands of dollars)	Net	Net
Land	490	—	490	490
Buildings	1,230	79	1,151	369
Automobiles	269	112	157	86
Furniture and office equipment	642	333	309	219
Equipment	378	201	177	36
Area services	65	18	47	52
Construction in progress	1,618	—	1,618	—
	4,692	743	3,949	1,252
Leasehold improvements — at cost	24	14	10	2
	4,716	757	3,959	1,254
TOTAL	23,890	2,635	21,255	18,937

URBAN TRANSPORTATION DEVELOPMENT CORPORATION LTD.

Notes to Consolidated Financial Statements
for the year ended December 31,1981

4. DEVELOPMENT AND DESIGN COSTS

	1981			1980
	Cost	Accumulated amortization	Net	Net
	(in thousands of dollars)			
ICTS Vehicles	16,011	—	16,011	—
Articulated Light Rail Vehicle	1,321	—	1,321	—
Light Rail Vehicle	6,026	6,026	—	2,863
	23,358	6,026	17,332	2,863

5. OTHER ASSETS

Other assets including patents and other long term assets are recorded at cost net of accumulated amortization of $50,000 (1980 – 3,000).

6. DEFERRED REVENUE

	1981	1980
	(in thousands of dollars)	
Urban Transit Authority of British Columbia Contract (note 1(f))	25,091	—
Light Rail Vehicle Program (note 10)	2,664	23,977
Other	1,218	2,617
	28,973	26,594

7. LONG-TERM DEBT

	1981	1980
	(in thousands of dollars)	
9.85% note payable to Canadian Imperial Bank of Commerce, due May 31, 1982, repayable in semi-annual instalments of $300,000. The note is secured by rental equipment and an assignment of the rents and other amounts receivable under the lease	300	900
20½% first mortgage due in September 1982, secured by land owned by the corporation and incurring monthly interest payments of $20,158. It is management's intention to renew the mortgage upon its maturity	1,180	—
	1,480	900
Current portion of long-term debt	300	600
	1,180	300

8. CAPITAL STOCK

During the year, an additional 12,240,000 common shares were issued to the sole shareholder for cash in the amount of $30,600,000.

9. COMMITMENTS

The corporation has entered into, or assumed responsibility for, the following significant contracts:

(a) Urban Transit Authority of British Columbia

The corporation has contracted with the Urban Transit Authority of British Columbia (UTA) to implement a 23-kilometre ICTS including delivery of 114 vehicles by 1986 at an approximate price in 1979 dollars of $324,275,000 which is subject to escalation and approximates $430,000,000 in 1981 dollars. Purchase commitments to December 31, 1981 relating thereto are approximately $4,503,000.

URBAN TRANSPORTATION DEVELOPMENT CORPORATION LTD.

Notes to Consolidated Financial Statements
for the year ended December 31,1981

As specified under the terms of this contract, the corporation has furnished UTA with a performance bond issued by a surety company in the amount of $300,000,000. In addition, the corporation has obtained a guarantee of the Province of Ontario in favour of the surety should the corporation be unable to indemnify the surety for any payment made under this performance bond. A warranty bond in the amount of $50,000,000 has also been provided to UTA upon expiry of the performance bond. It is management's intention to secure similar guarantees or performance and warranty bonds from its sub-contractors and suppliers.

(b) Venturetrans Manufacturing Inc.

On November 5, 1981, the corporation agreed to enter into a shareholder's agreement with TIW Industries Ltd. Under the terms of the agreement the corporation will acquire 50% of the issued and outstanding shares of Venturetrans Manufacturing Inc. ("Venturetrans") for a cash consideration of $1,500,000 in 1982. The operations of Venturetrans will consist of the fabrication, assembly and supply of vehicles to satisfy the existing and future commitments of the corporation. In addition, during 1982, the corporation is committed to provide a $2,000,000 secured loan at current market rates to Venturetrans. The corporation also agreed to cause a wholly-owned subsidiary corporation to enter into a supply contract for the purchase of up to 200 ICTS vehicles from Venturetrans.

(c) Operating lease commitments

The corporation is committed under operating leases for premises and equipment in the approximate amount of $1,143,100 (1980 – $968,200). The minimum annual rental payments over each of the next five years are as follows:

	$
1982	319,600
1983	253,900
1984	242,700
1985	242,700
1986	84,200

(d) Other

The corporation is committed to various suppliers at December 31, 1981 in the approximate amount of $4,222,000 for expansion of facilities and design and development expenses.

10. CONTINGENCIES

(a) Light rail vehicle program

Included in Due from shareholder – Province of Ontario is an amount of $13,078,000 representing a claim with the Ministry of Transportation and Communications (MTC) for reimbursement of certain costs incurred under the light rail vehicle program. Subsequent to the year-end, the corporation received payment of $13,078,000 from MTC as full and final settlement of the claim. Of this claim, $2,664,000 has been recorded as deferred revenue to be applied against all future costs under the program which are not readily determinable at this time.

(b) UTA Contract

Under the terms of the contract with UTA, the corporation is contingently liable for damages up to a maximum of $12,000,000 if the ICTS does not attain specific reliability criteria during the second year of revenue service as defined in the contract, in the event that an operations and maintenance contract between UTA and the corporation is in force. In addition the contract provides for a bonus of up to $5,000,000 if the system is operative prior to the scheduled completion date. Should the system not be operative until after the scheduled completion date then the corporation would be obligated to pay a penalty up to a maximum of $8,000,000.

11. INCOME TAXES

The corporation and most of its subsidiary companies are exempt from income tax under Section 149(1)(d) of The Income Tax Act. A subsidiary company incorporated under the laws of the State of Delaware, U.S.A. is subject to income tax. At December 31, 1981 this subsidiary had tax losses in the approximate amount of U.S. $152,000 (1980 – U.S. $86,000) to apply against future taxable income.

12. ECONOMIC DEPENDENCE

Approximately 95% (1980 – 96%) of the corporation's revenue for the year is derived from four (1980 – two) customers, one of which is its shareholder.

URBAN TRANSPORTATION DEVELOPMENT CORPORATION LTD.

Notes to Consolidated Financial Statements
for the year ended December 31,1981

13. SUBSEQUENT EVENT

Subsequent to the year-end, the corporation contracted with the Southeastern Michigan Transportation Authority (SEMTA) to implement a 4.7 kilometre ICTS including delivery of 13 vehicles by 1985 at an approximate selling price in 1980 dollars of $86,000,000 (U.S. funds). Under the terms of the contract with SEMTA, the corporation could be obligated to pay up to a maximum amount of $1,000,000 (U.S. funds) if certain schedule and reliability criteria are not attained. In addition, the terms of the contract require that the corporation furnish to SEMTA, a separate $35,000,000 (U.S. funds) performance bond and a $25,000,000 (U.S. funds) payment bond as security for the performance of the work and payment of all obligations.

Auditors' Report to the Shareholder

We have examined the consolidated balance sheet of Urban Transportation Development Corporation Ltd. as at December 31, 1981 and the consolidated statements of earnings and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the corporation as at December 31, 1981 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change in accounting for proposal costs as disclosed in note 2 to the financial statements, on a basis consistent with that of the preceding year.

Coopers & Lybrand

Chartered Accountants

March 26, 1982
(April 23, 1982 as to note 13)

THE ONTARIO EDUCATION CAPITAL AID CORPORATION

**Incorporated without share capital under
the Ontario Education Capital Aid Corporation Act**

**Balance Sheet
as at March 31, 1982**

ASSETS	1982 $	1981 $
Cash	5,000	5,200
Accrued interest receivable on investments	21,843,939	23,386,770
Long term investments, at cost (Schedule)	1,113,374,300	1,195,614,800
	1,135,223,239	1,219,006,770
LIABILITIES		
Accrued interest payable on advances	21,843,939	23,386,770
Advances from the Treasurer of Ontario	1,113,379,300	1,195,620,000
	1,135,223,239	1,219,006,770

See accompanying notes to financial statements.

Approved on behalf of the Corporation:

G. McIntyre
Member

D. Campbell
Member

To The Ontario Education Capital Aid Corporation and
to the Treasurer of Ontario.

I have examined the balance sheet of The Ontario Education Capital Aid Corporation as at March 31, 1982 and the statement of revenue and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1982 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Corporation and, in accordance with section 11 of the Ontario Education Capital Aid Corporation Act, to the Treasurer of Ontario.

J.F. Otterman

Toronto, Ontario,
July 9, 1982.

J. F. Otterman, C.A.,
Assistant Provincial Auditor.

THE ONTARIO EDUCATION CAPITAL AID CORPORATION

Statement of Revenue and Expenditure
for the year ended March 31, 1982

	1982 $	1981 $
REVENUE		
Interest on investments	91,466,830	97,088,498
EXPENDITURE		
Interest on advances from the Treasurer of Ontario (note 1)	91,466,830	97,088,498

See accompanying notes to financial statements.

SCHEDULE

Long Term Investments in Municipal and School Board Debentures
as at March 31, 1982

Analysis by Rate of Interest

Interest Rate %	Principal 1982 $	Principal 1981 $
Under 7	215,331,000	245,860,500
7.00-8.99	557,002,000	596,600,500
9.00-10.99	309,699,900	321,054,100
11.00-12.99	31,341,400	32,099,700
	1,113,374,300	1,195,614,800

Analysis by Year of Maturity

Year(s) Ending March 31	Principal 1982 $	Principal 1981 $
1982	—	82,240,500
1983	86,992,700	86,992,700
1984	92,276,700	92,276,700
1985	98,240,800	98,240,800
1986-90	493,170,100	493,170,100
1991-95	251,232,000	251,232,000
1996-2000	91,462,000	91,462,000
	1,113,374,300	1,195,614,800

Notes to Financial Statements
March 31, 1982

1. INTEREST ON ADVANCES

Pursuant to Order in Council 582/78, interest payable by the Corporation on advances from the Treasurer of Ontario is an amount equal to the net interest revenue for the fiscal year.

2. ADMINISTRATION EXPENSE

The cost of administration has been paid by the Province of Ontario.

3. COMPARATIVE FIGURES

Comparative figures in Schedule for 1981 have been reclassified where necessary to conform with 1982 presentation.

THE ONTARIO MUNICIPAL IMPROVEMENT CORPORATION

Incorporated without share capital under
the Ontario Municipal Improvement Corporation Act

Balance Sheet
as at March 31, 1982

ASSETS	1982 $	1981 $
Cash	5,416	34,723
Accrued interest receivable on investments	896,378	878,315
Long term investments, at cost (Schedule)	35,914,299	36,523,382
	36,816,093	37,436,420

LIABILITIES		
Accrued interest payable on advances from the Treasurer of Ontario	896,378	878,315
Advances from the Treasurer of Ontario	35,919,715	36,558,105
	36,816,093	37,436,420

See accompanying notes to financial statements.

Approved on behalf of the Corporation:

G. McIntyre
Member

D. Campbell
Member

To The Ontario Municipal Improvement Corporation and
to the Treasurer of Ontario.

I have examined the balance sheet of The Ontario Municipal Improvement Corporation as at March 31, 1982 and the statement of revenue and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1982 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A report on the audit has been made to the Corporation and, in accordance with section 12 of the Ontario Municipal Improvement Corporation Act, to the Treasurer of Ontario.

J.F. Otterman

Toronto, Ontario,
July 9, 1982.

J. F. Otterman, C.A.,
Provincial Auditor.

THE ONTARIO MUNICIPAL IMPROVEMENT CORPORATION

Statement of Revenue and Expenditure for the year ended March 31, 1982

	1982 $	1981 $
REVENUE		
Interest on investments	3,684,244	3,676,017
EXPENDITURE		
Interest on advances from the Treasurer of Ontario (note 1)	3,684,244	3,616,154
Interest on debentures	—	59,863
	3,684,244	3,676,017

See accompanying notes to financial statements.

SCHEDULE

Long Term Investments in Municipal and School Board Debentures as at March 31, 1982

Analysis by Rate of Interest

Interest Rate %	Principal 1982 $	Principal 1981 $
Under 7	706,407	1,086,767
7.00- 8.99	8,988,250	10,178,950
9.00-10.99	16,372,164	17,630,806
11.00-12.99	6,874,900	7,473,800
13.00-19.25	2,958,451	152,404
	35,900,172	36,522,727
Add:		
Accrued interest paid on debentures purchased	14,127	655
	35,914,299	36,523,382

Analysis by Year of Maturity

Year(s) Ending March 31	Principal 1982 $	Principal 1981 $
1982	—	3,443,805
1983	3,336,886	3,267,536
1984	3,409,134	3,325,934
1985	3,220,672	3,125,472
1986-90	14,101,980	13,472,480
1991-95	9,091,500	8,497,500
1996-2000	2,187,000	1,356,000
2001 or later	553,000	34,000
	35,900,172	36,522,727
	14,127	655
	35,914,299	36,523,382

THE ONTARIO UNIVERSITIES CAPITAL AID CORPORATION

Statement of Revenue and Expenditure
for the year ended March 31, 1982

	1982 $	1981 $
REVENUE		
Interest on investments	82,300,660	84,212,323
EXPENDITURE		
Interest on advances from the Treasurer of Ontario (note 1)	82,300,660	84,212,323

See accompanying notes to financial statements.

Long Term Investments in Debentures
as at March 31, 1982

Analysis by Rate of Interest

Interest Rate %	Principal 1982 $	Principal 1981 $
Under 7	320,816,436	333,518,955
7.00-8.99	682,116,842	698,771,689
9.00-10.99	110,513,747	111,791,892
	1,113,447,025	1,144,082,536

Analysis by Year of Maturity

Year(s) Ending March 31	Principal 1982 $	Principal 1981 $
1982	—	30,635,511
1983	31,710,654	31,710,654
1984	33,854,981	33,854,981
1985	36,115,354	36,115,354
1986-90	218,155,982	218,155,982
1991-95	305,221,390	305,221,390
1996-2000	332,559,608	332,559,608
2001-2008	155,829,056	155,829,056
	1,113,447,025	1,144,082,536

Analysis by Issuing Institutions

	Principal 1982 $	Principal 1981 $
Ontario Universities	803,253,998	826,092,514
Ontario Colleges	287,999,268	294,807,091
Related Institutions	14,593,759	14,808,931
Municipalities for Public Library purposes	7,600,000	8,374,000
	1,113,447,025	1,144,082,536

Notes to Financial Statements
March 31, 1982

1. INTEREST ON ADVANCES

Pursuant to Order in Council 947/76, interest payable by the Corporation on advances from the Treasurer of Ontario is an amount equal to the net interest revenue for the fiscal year.

2. ADMINISTRATION EXPENSE

The cost of administration has been paid by the Province of Ontario.

3. COMPARATIVE FIGURES

Comparative figures in Schedule for 1981 have been reclassified where necessary to conform with 1982 presentation.